No.30,634

Tuesday September 6 1988

POWER VACUUM Ministers in fight

to succeed Zia

France calls for troop reductions in peace at Europe

Mr Jean-Pierre Chevenement, France's Defence Minister, added his voice to West Ger-man calls for negotiated conventional force cuts in Europe. East and West armies should be given a "defensive charac-ter" only, ruling out capacity for "surprise attacks" by the Warsaw Pact, he said. Mr Chevenement also

backed — although in less than categorical terms — the idea of extending France's nuclear umbrella to West German territory. Page 2

Arrest at Bush rally **US Secret Service agents** arrested a man they said was carrying an electric stun gun darying an electric stim gun during a campaign appearance in San Diego by Republican presidential candidate George Bush, a Bush spokeswoman said. Final furlong, Page 4

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UK mail strike Union leaders said that about half of Britain's postal workers were on strike as the dispute escalated. It was called over the Post Office's tactics in clearing up the mail backlog caused by last Wednesday's stoppage. In London, the flow of mail was at a virtual stand-

N-plant ablaze A Soviet nuclear plant using a Chernobyl-type reactor caught fire but no radiation leaks or injuries were reported.

still. Page 6

Greece-Turkey talks Greek-Turkish talks on economic and political co-operation began in Athens and Ankara, in an effort to flesh out January's Dayos rapprochement. Pagez

Sri Lanka killings Rebels killed seven members of Sri Lanka's ruling United National Party in separate attacks, said police. Page 3

Chun brother jalled Mr Chun Kyong Hwan youn brother of the fernier South Korean President Chun Doo Hwan, was sentenced to seven years' jail and fined 3.2bn won (\$4.4m) for embezzling money and abusing power during his brother's regime. Page 3

Churbanov charged Mr Yuri Churbanov, the son-in-law of the late Leonid Brezhnev, went on trial before the Soviet Supreme Court charged with accepting more than \$1m to protect corrupt

Bangladosh Ilinosses Bangladesh reported an out-break of illness in the floodstricken country, where more than 1,000 have died by dis-ease, drowning or beneath collapsed houses. Page 3

Portugal warned Portugal's Government has been warned in two reports that it must get to grips with its budget, monetary and trade policies. Page 2

US bases in Greece Talks on the future of the four US military bases in Greece were temporarily suspended after Greek negotiators requested the closure of the Heilenikon airbase. Page 2

Carlucci in Peking Mr Frank Carlucci, the US Defence Secretary, arrived in Peking for a six-day visit during which he will discuss Chinese arms sales to the Middle East. Page 3

Moscow heavy hand At least 100 members of a new peramilitary police squad, some armed with rubber clubs eized political activists trying to demonstrate in Moscow against repression and hauled them away to police stations.

Egypt militants die Two Moslem militants were killed and about 26 people were injured in clashes between Egyptian fundamentalists and police in a town south of Cairo.

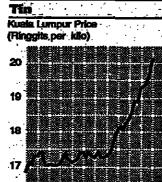
Cash for athletes

Soviet athletes who win Seoul Olympic medals will be paid the equivalent of up to \$19,000. the head of the Soviet Olympic

Business Summary De Benedetti to seal La Générale

RECONCILIATION between the once warring shareholders of Société Générale de Belgique will be formally cemented in Brussels today when Carlo de Benedetti is elected a vice president of the by now battle-weary Belgian holding company. Page 25

TIN price in Kuala Lumpur has hit a 30-month high. Hav-ing risen slowly but steadily for two years, it jumped last



Friday and again yesterday and is more than 20 per cent above the level of a year ago.

Oct 87 Jan 1988 Sep

WALL STREET was closed for the Labor Day holiday. TOKYO was hit by profit-taking after a strong opening. The Nikkei average closed 146.67 down at 27,841.58. Page 44 LONDON equities received a

tonic from sterling's enceuraging performance and the FT-SE 100 index was up 17.6 at 1,764.5. POUND closed in London at \$1,6860, DM3.1275, Y229.25, SFi2.6325 and FFr10.6475. Page

BOLLAR closed in London at DM1-8550, Y136.00, SF11.5620 and FFr6.3150. Page 33 EASTERN AIR LINES, fresh from a victory in the latest legal skirmish against its unions; said it would go ahead with the 4,000 diamissals it was prevented from carrying out by an earlier court decision.

ie 27 SOUTH KOREA has been urged to restructure its economy by an economic commis-sion advising President Roh Tae Woo. Recommendations include liberalising imports and deregulation of the finan-cial market. Page 3

UNION BANK of Finland kept the Finnish rights issue in the limelight with the amouncement of plans to seek FM1.16bm (\$262m) from shareholders via a one-for-five Issue. Page 25

MARZOTTO, Italy's higgest textile and clothing manufacturer, has reported a 43 per cent jump in net profits to 1.29.2hn (\$21.1m) for the first six months of 1988. Sales jumped 88 per cent to L735.2hn.

PREMIER Brands, fast-growing UK food manufacturer which plans a flotation next year, announced a pre-tax interim profit of £9.6m (\$16.12m), an increase of \$3 per cent on last year's £7.2m. Page 25

TNT, Australia's largest pri-vate sector transport company, overcame a big fall in the contribution from associates' operations to record a 35.4 per cent rise in equity-accounted earnings for the June year to A\$206.6m (\$163.9m) from A\$152.6m. Page 29

LEGAT battle between Volks-wagen and the National Bank ngary over damages in the DM473m (\$252m) foreign exchange fraud unearthed in March 1987 has turned in VW's favour after the conclusions of an expert report commis-sloped by the court. Page 26 HUSKY OIL, controlled by Canada's Nova Corp in conjunction with Hong Kong financier Li Kashing, signed an agreement to build a C\$1.3bn (US\$1.05bn) crude oil

upgrader on the Alberta-Saskatchewan border. Page 27 BOND CORPORATION of Mr Alan Bond began to shed assets of Bell Group, Mr Robert Holmes à Court's former flagship, just days after taking formal control. Page 29 JAPANESE companies are set to raise a record Y6.478bn

(\$47.7bn) in new equity and convertible bonds in the finan-cial half-year which ends this month. Page 28

SCA, one of the leading Swedish forestry groups, and Cellu-lose du Pin, subsidiary of the French Saint Gobain group, are to set up a jointly owned newsprint will costing up to FFr2bn (\$316.9m). Page 27

Electricians' expulsion heralds deep UK union split

By Philip Bussett, Labour Editor, in Bournemouth



TUC General Secretary Willis:

sustained the most serious split in their history when the Trades Union Congress voted to expel the Electronic, Tele-communications and Plumbing Union (EETPU) from its federa-Leaders of the 336,000-strong union walked out of the confer-

ence hall of the federation's annual Congress in the south coast resort of Bournemouth even before the vote.

Mr Eric Hammond, EETPU general secretary, said after the vote: 'I do feel a bit sad, because I think it is a wrong

decision that the trade union movement has taken. It's one that they will have to retrace

BRITAIN's unions yesterday their steps on, sooner or later." Mr Norman Willis, TUC general secretary, said that the EETPU had "chickened out" by walking out before the vote, and said that while he was saddened by the consideration of the said that while he was said. dened by the expulsion, "if we had knuckled under to them" then the TUC's whole system of inter-union relations would

have gone. In a show of hands, delegates voted by about 9-1 to expel the union for refusing to accept TUC instructions to withdraw from two single-union, strikefree deals.

More than 30 single-union deals have been struck in Britain, whereby one union represents all the workers at a

plant and disputes are submitted to binding arbitration.

The TUC has maintained that the dispute with the EETPU was not over single-union deals in general, but spe-cifically with the union's refusal to accede to the two TUC rulings.
It is the first expulsion from

the TUC since 1973 and is likely to have many serious consequences for the British union movement.

A bitter inter-union recruit-

ment war may break out, with unions poaching each others' members and vying even more competitively with each other for recognition agreements with employers. Left-wing members of the EETPU last now "no limits" on the union's night said they were forming a breakaway union for electri-

There may also be moves towards forming a rival trade the EETPU draws around it like minded unions The expulsion may also diminish the TUC's role and

influence, with the unions less capable of offering the industrial relations stability provided by the federation's 49-year-old principles for policing inter-union relations.

their unions not to greet him Tunnel may spark new union

recruitment ambitions. Offering an "open door" to non-unionists and members of other unions alike, he said:

"Literally, from journalists to

ianitors nobody will be told to

go back through the open door."

Only Mr Willis and Mr Ham-

mond spoke in a 40-minute debate before the final vote. Mr

Hammond's 20-minute speech

was received in silence by dele-

gates, who had been told by After the vote, EETPU leaders unveiled their strategy for a future outside the TUC. Mr Hammond said that there were

Continued on Page 24

EC companies launch joint study to build Concorde's successor

THE European Community's airframe makers are collaborating on a three-year study for the production of a second-generation supersonic airliner

The study, called Euromart, is the initiative of Mr Henri Martre, president of Aerospatiale. The study so far does not include governments, although they will eventually be con-

The companies include Aerospatiale of France, Aeri-talia of Italy, British Aero-space, Casa of Spain, Fokker of the Netherlands and MBB of West Germany. Others may join later. No aero-engine makers are yet involved in the study, but some may join later. The aim is to bring together ideas for a second generation supersonic airliner to succeed Concorde which have been circulating in Western Europe for

some time.
These ideas vary widely with respect to the size, speed and development time scale for any such an aircraft. They include the Aerospatiale design for a 200-passenger Future Superonic Transport Aircraft as a direct Concorde successor for service sometime between 2005 and 2010.

Although Concorde has a service life of at least another 15 years, it has already been flying for 10 years commer-cially with British Airways and Air France. Work on a successor aircraft must be well under way by early next century if commercial supersonic aviation is to be maintained.

Mr Martre said at the Farnborough Air Show, in southern England, that the great variety of ideas for such an aircraft in Europe contrasted unfavourably with the more coherent approach to civil supersonic aircraft research being conducted in the US by companies such as Boeing and McDonnell choice would be a matter for a civil we could be a matter for a civil we constant. Douglas. This research is under the auspices of the Government-financed National eronautics and Space Admin-

Mr Martre said that if Europe did not want to be left behind it had to co-ordinate its ideas into a plan which could be discussed with govern-

The possibility of widening the studies to include collaboration with the US and possi-bly also Japan (which has begun its own second genera-tion supersonic addiner study) would need to be considered. Aerospatials recognised that no single European company could undertake such a ven-ture alone, Mr Marire said.

Governments would have to the high development: costs which would amount to several billion dollars. An essential first step would be to co-ordinate the variety of views into a coherent programme which would be both technologically achievable and

This was the aim of Euromart, said Mr Martre. British Aerospace, which builds the wings for the Euro-

acceptable to governments.

wings for a new stretched version of the US McDonnell Douglas MD-II trijet, plans for which were revealed yesterday.

airline customers and not McDonnell Douglas.
The standard version of the
MD-11 is in production and due to enter service in 1990. The planned "super-stretch" would seat more than 360 passengers, fly up to 8,000 statute miles, come into service in 1994 and built to challenge Boeing in

long-range airliner markets.

Officials of the Eurofighter consortium said yesterday that they were confident that Spain would stay in the four-nation project in spite of French efforts to woo the country into the rival Rafale fighter pro-The Spanish authorities

have yet to subscribe to the memorandum of understanding which Britain, West Gerbecome involved because of many and Italy signed in May, but Gurotighter officials denied that this delay was in any way holding back the project and that any continguency plans had been made for a Spanish withdrawal._ • Piessey, the British electron-

ics group, is hoping to win more than \$100m worth of US military orders for digital aircraft navigation receivers under an agreement signed with ITT yesterday. pean Airbus, may also build Farnborough reports, Page 5

Brent blend crude (\$ per barrel)

Oil prices fall after **Gulf** output

reports By Steven Butler in London

OIL PRICES fell yesterday, with North Sea Brent crude sliding below \$14 a barrel, as traders responded to reports of steadily increasing Gulf pro-

Market sentiment was also weakened by the failure of Dr Subroto, secretary general of the Organisation of Petroleum Exporting Countries, to make any breakthrough on his trip last week to the Middle East, where he attempted to patch up differences between Iran and Iran over all policy. and Iraq over oil policy. Brent crudes for September delivery fell by 20 cents to

\$13.85. Markets were closed in New York for the Labor Day holiday. Fourteen dollars is seen as an important resistance level for oil prices. Prices have

fallen briefly below it several times this year, but have then risen on expectations that Opec would take action to restore production discipline among producers.

Continued on Page 24

Tehran 'opens talks' over 25% stake in Krupp

By David Goodhart in Bonn and Haig Simonian in Frankfurt

has opened talks on the possi-ble sale of its 25 per cent stake in Fried Krupp, the West Ger-man steel and industrial group, mer 24.9 per cent stake in according to the Westdeutsche Landesbank (WestLB), the big West German bank.

The stake, which was bought by the Shah of Iran for DM1.4bn in 1974, has proved a spectacularly unsuccessful investment. According to estimates in the West German magazine Der Spiegel it has yielded an average of 0.4 per cent a year and is now worth only DM700m (\$377m).

Krupp denies that there had been any divestment talks but WestLB confirmed that the sale had been raised by Mr Mohammad Mehdi Navab-Motlagh, the Iranian representa-

WestLB's chief executive.
The discussion was inconclusive but the two sides are to last year which sold the Ira-nian's 25.2 per cent stake in Deutsche Babcock for DM286m. prepared "for some six months" before becoming pub-

lic knowledge, the exploratory discussions regarding Krupp have come out into the open much sooner. "It is all too soon," a WestLB official said yesterday.

The sale would again focus

attention on the substantial, if declining, Middle East stakes in German industry. Even Knwait, which retains a 14 per

THE IRANIAN Government cent share in Daimler-Benz,

A sale would also focus attention on the uninspiring performance of Krupp over the past few years. Last July the company reported a 67 per cent fall in net profits for 1987 because of weak steel earnings and increased losses in its plant-building operation. Earlier this year, it attracted

some of the worst labour unrest in West Germany in recent years over the closure of its Rheinhausen steelworks. The supervisory board tem

porarily refused to endorse the management's performance in 1987 which has raised doubts tive on Krupp's supervisory about the job-security of Mr board, in discussion recently with Mr Friedel Neuber, man of the management board. Although 75 per cent of the company is owned by a private foundation it is rumoured that pursue the issue at another several banks have developed a meeting, probably in October. Westl.B led a bank consortium of the company on the stock market and install a new management team.

Lonrho, the London

While that deal had been international conglomerate, is one of the companies which might be interested in picking up all or part of the Iranian

David Waller in London writes: Lonrho yesterday refused to comment on German press reports that it had been offered the Iranian stake in Krupp at a meeting last month between Mr Tiny Rowland, Lonrho chief executive, Continued on Page 24

Pernod Ricard launches rival bid for Irish Distillers Group

PERNOD RICARD, the French drinks group, yesterday ended days of hesitation and launched an I£4.50 a share bid for Irish Distillers, valuing the company at I£285m (\$399m). However, the move split the Irish camp, with the French offer winning the backing of the board of Irish Distillers and the Investment Bank of Ireland. The Irish group's other merchant bank, County Nat-

west, said it could not support On Sunday, Grand Metropolitan, the UK drinks group, lifted its offer to 125.25 a share from 184.0. The second British bid, made after talks with the Takeover Panel in London, val-

ues the distiller of Jamesons whiskey at 12332m. Pernod Ricard claimed to have irrevocable undertakings in respect of about 46.8 per cent of Irish Distillers, which with its own 5 per cent stake would give it 51.8 per cent. The undertakings claimed by Pernod Ricard include a 20 per

cent stake held by FII Fyffes, a Dublin fruit and vegetable

merchant. In a burst of activity on Sunday night after GrandMet lifted its bid, the French group won a temporary court injunction restraining FII Fyffes from disposing of its 20 per cent stake. There will be a full court hearing in Dublin on Wednesday.
Pernod Ricard says FII Fyffes verbally committed its

seeking irrevocable accep-tances of its proposed offer in respect of at least 50 per cent of the shares before launching

stake to the French distiller on Saturday. "Hands were shaken on the deal and backs were slapped," said one observer. The French group had been

It said yesterday that a 9.7 per cent stake held by Irish Life had been committed to it in writing, although that was conditional on its securing irrevocable commitments covering 45 per cent of the shares in total. It had received legal

advice that both commitments were enforceable.

FII Fyfies appeared to change its mind on Sunday after GrandMet was freed to increase its offer. This decision by the Takover Panel executive ras based on its opinion that Pernod Ricard's approaches to shareholders — made before a formal offer — amounted to a competing offer.

The ruling will be challenged today by Pernod Ricard at a meeting of the Panel. County Natwest is awaiting the outcome of this meeting, and of the Dublin court action, before recommending either bid.

The Panel allowed GrandMet to launch its original offer after the European Commission forced the break-up of a consortium bid which included GrandMet, Allied Lyons and Guinness. Irish regulatory authorities have yet to report back on whether they will person the commission of the com mit GrandMet's first bid. Lex, Page 24

East Germany: smiling at the West and glaring east



Erich Honecker, East German leader, is encouraging the thaw in relations with West Germany while strongly opposing the adoption of any Sovietstyle reforms because of overwhelmingly pro-Western feelings in his country Page 2

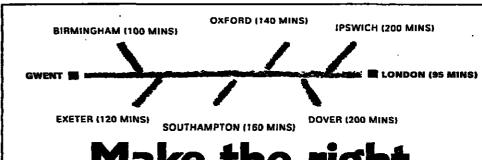
Arts-Reviews

Managements Moving UK businesses to where the grass may be greener ----Surveys: Soft Commodities; Agricultural Supply Industries ______ 13-15 and 19-21 Technology: Lasers that are used to cure rather than kili Editorial comments Future of Britain's TUC; Malaysia and Singapore

EC dumping penalties: Brussels looks for sacrifice on Far East VCR issue Less Irish Distillers; Oil prices; Blue Arrow, 42 Rew Materials

Europe: Challenges in an era of doubt and

Financial Futures Gold Stock Murkets International Bonds . -London -Intl. Capital Markets Unit Trusts Lex 23 Money Markets

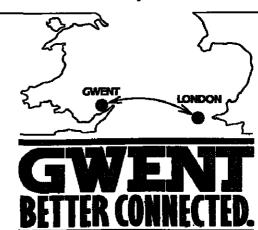


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EUROPEAN NEWS

France joins call for lower troop levels in Europe

By David Marsh in Bonn

FRANCE'S Defence Minister, Mr Jean-Pierre Chevenement, yesterday added his voice to strong West German calls for negotiated conventional force reductions in Europe. East and West armies should be given a "defensive character" only, rul-ing out any capacity for "sur-prise attacks" by the Warsaw Pact, he said.

Speaking at a news conference here during a day of talks with Mr Rupert Scholz, his West German counterpart, Mr Chevenement also backed although in less than categori-cal terms - the idea of extending France's nuclear umbrella

to West German territory. Reflecting France's shift in recent years towards assuming some responsibility for deter-rence east of the Rhine, Mr Chevenement said an extension of France's nuclear capacity to the Federal Republic made "good sense". He declined, however, to be drawn

into any firmer conclusions.

Mr Chevenement was making his first visit to West Germany since taking over the defence portfolio in the new Socialist Government in Paris. He was keen to mark agree-ment with Mr Scholz on a series of bilateral and multilat-

eral security questions.

The latter said both countries hoped for a quick end to the current round of Vienna security talks. This would lead to a speedy mandate for "sub-stantial negotiations" on lowering the Warsaw Pact's conven-

France supported efforts to rid saying present Soviet stocks (put at 50,000 tonnes by Moscow, 300,000 tonnes by the US) were "much too much". Chemical warfare between Iraq and Iran had underlined the dangers of proliferation of

these weapons, he said.

He was also at pains to tell

West Germans discomfited by
the thought of living on a
potential nuclear battlefield
that France's independent nuclear deterrent was a "defen-

sive choice".

European defence was impossible without nuclear arms, which were "political weapons," he said.

The two ministers also dis-cussed plans to set up a sym-bolic joint Franco-German brigade stationed south of Stuttgart in Baden-Württemberg as a contribution to for-ward defence of the Federal Republic. The first troops in the 4,000-man brigade, planned to be operational next year, will move into barracks in October, although firm details of deployment have not yet been fixed.
Mr Chevenement confirmed

that two regiments — each of which normally totals around 800 soldiers — from France's Rapid Deployment Force would move from France to take part in the joint brigade.

Concerning establishment of the joint Defence Council, agreed at the beginning of the year, Mr Scholz said it was too tional forces superiority. early to give details about its Mr Chevenement said institutional form.

US calls temporary halt to talks on Greek bases

By Andriana lerodiaconou in Athens

NEGOTIATIONS ON the future of the four United States military bases in Greece were suspended temporarily yesterday after Greek negotiators officially requested the closure of the Hellenikon airbase, on the outskirts of Athens.

A government spokesman in Athens said the US side wanted to return to Washington for further instructions. It was not clear when talks might

The Hellenikon airbase quarters and support installation for other facilities in Greece of the US Air Force in Europe. It also serves as a staging point for air transport operations, and as a base for the deployment of electronic and photographic air reconnaissance missions

Greece first disclosed that it was seeking to close down Hel-

lenikon to journalists at the beginning of August. Washington responded angrily to the disclosure, condemning what it called "negotiations through

in fact it had been commonly assumed for some time that the US was willing to discuss the possible dismantling of Hellenikon, the location of which, alongside the main avenue to Athens international airport, has made it the focus of labour unrest and anti-

The activities of the base had been expected to be transferred to the other US military installations in Greece. However, the Greek Government's announcement last month ruled out such a transfer, and said Athens would insist on the permanent termination of Hellenikon's activities.

Greece and Turkey try to build on Davos accord

By Andriana terodiaconou in Athens

GREEK-TURKISH talks on economic and political co-operation began simultaneously yesterday in Athens and Ankara, in an effort to flesh out the rapprochement launched by the prime minis-ters of the two countries in Davos last January.

Both the Greek Foreign Minister and his Turkish counterpart, who are leading the political talks in Ankara, warned yesterday of continued difficulties in bilateral relations. This warning aside, a dramatic breakthrough in the talks would be surprising against the current political tapestry on both sides of the Aege in Greece, Mr Andreas Papandreou's abrupt transfer a London hospital with a heart ailment at the end of August has thrown political eration.

life out of kilter, despite the fact that the Socialist Prime Minister has been well enough to continue directing government operations by telephone. In Ankara, the political stage is dominated by the forthcoming September 25 referendum on the timing of municipal

Nevertheless, the Greek side was hoping for a possible dis-cussion in Ankara on the key issue of the Aegean continental shelf. A Turkish response is still pending to a 1987 Greek proposal that the issue be taken to the International Court of Justice.

The economic talks in Athens were expected to include discussion of agreements to avoid double taxation and to promote shipping co-op-



Occhetto points Italy's Communists towards centre

By John Wyles in Rome

THE NEW leader of Italy's Communists, Mr Achille Communists, Mr Achille Occhetto, plans to try to rebuild the party firmly in the crowded centre of Italian politics, asserting a reduced role for the state and opposition to any "closed class vision" of society.

Politicians of all parties were

Politicians of all parties were yesterday pondering the implications of Mr Occhetto's first serious attempt since his election in June to redefine the identity of Western Europe's largest Communist party after a series of election setbacks had underlined the declining appeal of a message hitherto

on charges of corruption. He is accused of having received more than Roubles 650,000

(£650,000) in bribes during the 1970s, and could face the death

penalty if convicted.

This will be the higgest corruption trial since Mr Mikhail
Gorbachev became Soviet
leader in 1985, and it marks a

high point in public criticism

That period, now dubbed the "years of stagnation", has been

criticised regularly in the press since Mr Gorbachev came to

power. But the trial of Mr Churbanov, which will last six weeks, seems likely to plumb new depths in publicising the

extent of the corruption that existed under the late leader,

who was party chief from 1964 until his death in 1982. It is also thought that publicity of the trial will serve the Soviet

leadership in its current crack-

down on corruption.

During the reading of the

charges yesterday, it was alleged repeatedly that Mr Churbanov had received bribes

By Leslie Colitt in East Berlin

A DISTINCT note of optimism at talks yesterday between Mr Erich Honecker, East Ger-many's leader, and West Ger-many's visiting Economics Minister, Mr Martin Bange-

mann, contrasted sharply with

the coolness at a meeting between Mr Honecker and a

high ranking Soviet official.
The two German politicians said prospects were good for a

political and economic rela-tions between Bonn and East

Mr Bangemann was in Rast

Berlin, after attending the East-West trade fair in Leipzig,

where he said East German officials told him West German

companies could win DM1bn

(£320m) in contracts from East

Germany. Trade between the Germany. Trade between the two German states, however, fell 5 per cent in the first six months of the year, continuing a two-year decline, largely

cause of falling prices for

East German exports of oil

The goodwill on display in East Berlin was absent in Leipzig on Sunday when Mr

By Diana Smith in Lisbon

PORTUGAL'S Government has

been warned in two confiden-tial reports that it must come to grips with its budget, mone-tary and trade policies.

Leaked locally as the Social

Democrat Government of Mr

Democrat Government of Mr Anibal Cavaco Silva was pre-paring its 1989 budget, the reports, one by the Interna-tional Monetary Fund and the other from the World Bank, praise the improvement in eco-

praise the improvement in eco-

nomic performance of recent years but also warn of dangers.

national commodity prices,

A weak dollar and low inter-

iprovement - E

of the Brezhnev era.

largely directed at the indus-trial working class. Quite apart from its content, an interview Mr Occhetto gave at the weekend to the PCI's at the weekend in the Fors newspeper, L'Unità, broke with convention by establishing the leader's own position quite independently of the central

committee.
A normal preparation for the party's congress early next year would have been to launch the internal debate on the basis of formal position papers prepared by the leader-ship.

hip. But this wrench away from democratic centralism was

only one of several surprises offered by Mr Occhetto. The party needed an up-to-date party needed an up-to-date identity, he said, which recognised that "the struggle for the emancipation of workers. Is behind us." Its new approach must be based on "proposals, not protest" and its mission must be to guide and control the continuous process of change and modernisation. Mr Occhetto claimed that here the PCI could exercise a mique appeal not open to the other parties, which were prisoners of special interests and clienteles. Its entire historical experience had centred on a

view of the "general interest" mition of "feminine differwhich now lay in expanding liberty and democracy.

Modern socialism was to be achieved through "strong reformism" aimed at strengthening individual rights and country and that there had been a collapse of public order in "vast regions of public order in "vast regions of the south regulating "a plurality of public and private subjects. We need a state which guarantees more social rights and manages less."

When invited to identify the PCI's reformist objectives, Mr Occhetto had less to say that was new, referring to a recog.

article in Prayda, cotton harvests in Uzbekistan were, from the early 1970s onwards, inflated artificially by almost im tonnes annually, and the

Soviet Government was made to pay for the non-existent crop by the officials involved.

"Today it has been proven," said the newspaper, "that the cotton barons stole more than

Roubles 4bn from the state, half of which they stuffed into their own pockets." It claimed

that Mr Churbanov, who held the rank of Colonel-General in

sort of triminal connervating power, which prejudices any kind of renewel." be added in language rarely heard from an Italian national politician.

Blaze in

Soviet

N-plant

A SOVIET nuclear plant using a Chernobyl-type reactor caught fire yesterday but no radiation leaks or injuries were reported, according to the government newspaper Izvestia, Reuter reports from Moscow.

The lignalina plant in Lithuania uses the type of reactor which was involved in the world's worst nuclear accident, at Chernobyl in April 1986.

at Chernobyl in April 1986, which killed 31 people and sent a radioactive cloud across

The blaze started in the

Brezhnev's son-in-law tried for corruption US gases to MR YURI CHURBANOV, the son-in-law of the late Soviet leader Leonid Brezhnev, went on trial in Moscow yesterday Churhanov himself was a key player. According to last week's

help revive ailing town

By David Marsh in Bonn AIR PRODUCTS, the US technical gases and chemicals group, has decided to move its West German headquarters to a battered steel town in the Pubr in a more seen as bact. Ruhr in a move seen as boosting prospects for industrial conversion in the hard-hit

At a ceremony marking the laying of the foundation stone for the DM12m (£3.8m) build-ing at Hattingen in the state of North Rhine Westphalia, Mr Reimut Jochimsen, the state's Economics Minister, said the move represented a "turning point" for the area.

affected by a decision by Thyssen, the largest West German steel producer, to close its rolling mill in the town with the loss of 3,000 jobs.

Air Products, the third largest expedience industrial except

est supplier of industrial gases to the West German market, already operates an air lique

arready operates an air inque-faction plant in the town.

The company is not only
moving its West German
administrative headquarters
to Hattingen from Düsseldorf,
but is also building a new liquefaction plant in the town at
a cost of DM50m.

a cost of DMSum.

The company has been granted about DM4.5m in financial incentives by state and local governments to help fund the moves.

Mr Stefan Schaefer, head of Air Products' West German subsidiary, said the company

was expanding its output in North Rhine Westphalia in spite of falling demand from traditional customers in the steel industry.
The Hattingen plant, which

and oxygen, will serve both new and existing customers which the company is building up in areas like environmental

 Unemployment in West Germany fell slightly in August but Mr Heinrich Franke, head of the Labour Office, admitted that the immediate outlook was not promising and called for an increase in part-time jobs, writes David Goodhart. The number of registered

jobless fell by 32,157 in August to 2,167,109 or 8.5 per cent of the workforce, marginally down on the 8.6 per cent of the workforce last August. The jobless total always falls

during the summer months thanks to the increase in seasonal jobs so there was little excitement about the small drop, there is also some anxiety that the influx of ethnic German refugees from the numbers.

However, a more positive sign is that the number of employees on short-time working also fell, by 26,000, during in calling for an increase in

the number of part-time jobs Mr Franke pointed out that only 12 per cent of the West German labour force works part-time, much lower than most comparable countries. In Norway the figure is 28 per cent, in the UK 21 per cent,



from party officials in Uzbekistan, which has been at the centre of a huge corruption scan-dal. It was also claimed that he had been able to exploit his

had been able to exploit his connection with Brezhnev.

Last week, the Communist party newspaper, Pravda, published a long account of Mr Churbanov's alleged crimes. The paper said the trial would recall the period "when a person reached high office not

Honecker met a Soviet Deputy Prime Minister, Mr Vladimir Gussev, who headed a Soviet delegation to the fair. Mr Gus-

sev said the Soviet leadership regarded reform of the political system on the basis of "democ-ratisation and glasnost [open-ness]" as a "key question".

This message was anothema to Mr Honecker, who has strongly opposed the adoption

East Germany. He listened impassively to the Soviet poli-tician's words. The leadership

in East Berlin appears afraid

that any wide-ranging political and economic reforms in East

Germany would get out of hand because of the over-whelmingly pro-Western senti-ments of East Germans.

Instead of delivering his customary reply at the Soviet reception, Mr Honecker remained seated and let his

Foreign Trade Minister, Mr Gerhard Beil, speak. Mr Beil

skirted politics and quoted Mr Honecker as saying the eco-nomic strategies of the Soviet Union and East Germany were "basically identical."

inflation and interest rates have enabled Portugal to

invest, expand public and pri-

vate spending, cut inflation

from 19.3 per cent in 1985 to 9.4 per cent in 1987, and ease the

cost of oil and US grain

imports and of servicing the \$16.6bn foreign debt. But the DAF and World Bank

say the Government must now

take steps to stop the economy

skidding out of control.

The budget deficit (10 per

cent of gross domestic product this year) is excessive, both institutions say. Tax revenue

because of his merits, but because of his family connec-tions". It added: "Glasnost and democracy will put an end to the period of Churbanovism". Mr Churbanov, 51, who married Mr Brezhnev's daughter Galina in 1971, is appearing with eight other men who were officials in Uzbekistan in the 1970s. They are alleged to have formed a network of embezzle-

ment and bribery, in which Mr.

Bariler, Mr Honecker visited the stand of West Germany's

Bayer chemicals company.

There he told the head of the

There he told the head of the West German permanent mission in East Berlin, Dr Hams Otto Brautigam that East Germany was prepared to "continue the rapid expansion" of relations with West Germany agreed upon during his visit to Bonn a year agu:

Germany's recent purchase of three European Airbuses and growing imports of investment

goods from West Germany as proof of this policy, East Ger-many has become the second largest market, after the US, for the West German machine

At least one of the Airbuses

is to be chartered to West Ber-lin tour operators for chesp,

hard-currency flights from

East Berlin's airport to the Far

• Eight East Germans have

managed to escape to West Berlin since last Friday alded

by low-lying fog and warm temperatures. They included two border guards, who

must grow, and public spending shrink - advice given for years but heeded only in the 1978 and 1984 debt crises.

To correct financial distor-

tion, the public sector must

borrow on the market, not draw from banks at low rates

as it now does, says the IMF, which wants a more flexible

Government has clamped

down on private sector credit

but let public sector credit

monetary system.

Bonn a year ago.

tool industry.

Praise and concern for Portuguese economy

tions in the vanguard of the Kremlin's "openness" cam-paign for their reporting about his client before the trial.

the rank of Colonel-General in the Ministry for Law Enforce-ment, used his position to pro-tect the racket. In an impassioned speech to the court yesterday, Mr Chur-banov's lawyer, Mr Andrei Makarov, affacked two publica-tions in the panetused of the cable room of the station's second unit when control cables caught fire, the newspaper said. A commission was investigating the cause, suggesting it was considered a serious "The system of automatic firefighting liquidated the source of the flames," said Izvestia, adding that the unit was shut down.

He accused the prosecutor, Major General Alexander Last week, Izvestia reported the suspension of work on the third unit of the Ignalina plant after experts voiced concern Shoyev, of prejudicing the trial by describing Mr Churbanov as guilty in an article in Moscow News. about its safety and warned of possible design faults.

jumped over the wall in uni-form after establishing that

they both wanted to escape. Escapes reach a peak in the late summer and autumn months, when widespread

early morning fog provides suf-ficient cover and the water in lakes and canals is still warm.

Two young men swam through Britz Canal in south-

east Berlin and reached the

out being fired on, although they were detected by border

guards. Warning shots were

fired at another East German

however, who was caught try-

ing to break through wire at

Three young East Germans

West Berlin last week by swim-

tier over the weekend.

Two men and a woman were

caught when they tried to escape from East Berlin in a

dump truck, which crashed

against a concrete barrier 40

grow. The banking system suf-fers from excess liquidity of Es 1.3 trillion (million million —

£5bn) or 25 per cent of GDP.

The World Bank hopes for

faster devaluation and an

export drive, to head off deteri-oration of a trade gap which exceeded \$1.5bn in May.

Portugal also has another

problem: the inflation rate hit 9 per cent in July, far above the official target of 6 per cent.

The Government blames

metres short of West Rerlin.

the border near Potsdam.

Honecker smiles westward but glares east Serbia demands Kosovo crackdown

The president of the Yugoslav republic of Serbia yesterday demanded that Serbian paramilitary units be used to crack down on Albanian nationalists accused of persecuting the Serb minority in Kosovo province, Reuter reports from Bel-

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market per

17.72

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Tanjug news agency quoted Mr Petar Gracania as saying ethnic tensions in Kosovo, an autónomous province of Serbia, had worsened over the past mouth-and could have tragic consequences.

Hostile leaflets, which have been distributed in the province, have called for armed Albanian uprising aimed at breaking up Yugoslavia's constitutional order," he said.

made a dramatic escape to Dutch court blocks ming across a canal with a police boat in hot pursuit. Karin B move Another crossed the land fron-

A judge in The Hague yesterday rejected an attempt by a Dutch company to win the right to process 2,100 tonnes of Italian toxic waste currently on board the West German freighter Karin B, Reuter

reports.

The district court judge turned down an injunction application from the Tank-cleaning waste processing con-cern and upheld the Environ-ment Ministry's right to ban the ship from Dutch harbours. The waste aboard the Karin B was initially illegally dumped in Nigeria and removed after protests. West Germany, Britain, France, Spain, and Belgium, as well as the Netherlands, have since refused the ship entry.

Colonel admits selling secrets

A Belgian air force colonel has been charged with treason after confessing to selling defence secrets to an East bloc country, the country's Defence Minister, Mr Guy Coeme, said yesterday, Reuter reports. The officer, named as Colo-nel Guy Binet, 54, was arrested

last Friday and later confessed to selling Belgian and Nato secrets to "a foreign power in the East bloc", Mr Coeme said. He added that Col Binet, who had worked successively in the planning, programmes and logistics departments of the armed forces headquarters and then headed a section in the army's general purchases department, would be tried by court-martial.

Affluent Swedes turn their attention to the environment

Sara Webb reports on the prospect that Sweden's Green Party may enter the Riksdag for the first time at this election are fed up with run-of-the-mill

HERE are, says Mr Per ber 18 election. The latest polls show them getting between 8 Ganron, green parties in eight parliaments in Western Europe, "but none is balancing the scales between power groups - they are all minorities without any parliamentary power. But everybody here believes we will have direct power by balancing the scales between two cemented

Mr Gahrton, one of the most prominent and articulate Green Party spokesmen in Sweden, clearly relishes his party's prospect of entering the Riksdag for the first time and breaking the traditional mould of Swedish politics with its almost symmetrical division into socialist and non-socialist

With their poll ratings giving them more than the 4 per cent required to enter Parliament and as much as 13 per cent in Gothenburg, Sweden's second largest city, the Greens could play a crucial role in forming a government after the Septem-

show them getting between 8 and 10.3 per cent nationwide.

The leaders of both the Conservative Party and the Liberal Party have cold-shouldered the Greens and ruled out any possibility of co-operating with them. Mr Carl Bildt, leader of the Conservative Party, said the Greens would combine "extreme steering and regula-tion of society with a sudden halt on research and develop-

would have "no choice" but to accept the Social Democrats in forming a government, although the Prime Minister, Mr Ingvar Carlsson, has warned of "parliamentary chaos" if the Greens do get in, eagerly describing his own party, the Social Democrats, as the only environmental party. We will not join a steady bloc. Once we have passively supported the Prime Minister we would keep our indepen-

dence," says Mr Gahrton,

indicating that the Greens would always give priority to environmental issues in Parlia-ment even if this meant "put-ting the environment before growth " growth. Mr Gahrton, a former Liberal



Swedish Elections

MP who switched parties because of the Liberals' increasingly pro-nuclear stance, is the only Green Party member with previous experience of working in Parliament. Others have worked at county council level.

However, he does not see lack of experience as a serious obstacle, believing many voters

Support is strongest among first-time voters, women (two-thirds of their voters in the last election in 1985, when they won 1.5 per cent of the votes, were female), and in the big cities and countryside. Their weak spots are the middlesized industrial towns in central Sweden.

Though Mr Gahrton belies the traditional image of the Greens (he dismisses "Save the Whale" T-shirts and nonleather products as "only for the purists"), many of his party's policies cause alarm among Swedish industrialists. The Greens want tougher

legislation for environmental protection and have promised to press for the closure of factories which emit unacceptably high levels of pollutants, without indicating what would hap-pen to the blue-collar workers. They are in favour of giving foreign aid in the form of technical assistance to countries

such as Poland to help combat Mr Gahrton acknowledges that the Greens' policy of reducing traffic pollution by limiting road haulage and the use of cars in inner cities could have repercussions for the Swedish motor industry: Volvo and Saab will have to

reduce production. "We expect lower economic growth if we are successful Economic growth may not be possible in some sectors," he says, though he is quick to emphasise that the Greens do not want to adopt policies which are damaging to the national economy, but those which are "good in the long term for our survival".

Swedish industry is heavily dependent on exports, with some companies selling up to 95 per cent of their goods abroad. However, Mr Gabrion says a radical Green policy would mean a drastic reduc-tion in imports and exports, due to higher indirect taxes.

While other economists concentrate their minds on the problems of inflation and spiralling wage costs, the Greens remain unperturbed by these

They favour lower income taxes and want people to have the right to work shorter, more flexible hours (though not for

the same wages).

Energy-intensive industries, such as pulp and paper and the chemicals sector, stand to run up higher energy bills, as the Greens want to discourage energy consumption by imposing higher taxes. They have proposed phasing out nuclear power within three years and raising SKr60bn (25.5bn) from energy taxes to pay for the clo-

In a country where the main debate over the EC has concentrated on how to reap most of the benefits of the internal. narket without paying the orice of EC membership (which politicians rule out on the pasis of Swedish neutrality),

the Greens are the only party which has tried to make the EC an election issue. "We are very against the internal market. The EC is based on pronoting big companies and free trade without considering the ecological consequences," he says. Apart from seeing big transmational companies as a threat to small enterprises, the Greens can

enterprises, the Greens see harmonisation as meaning a loss of Swedish independence. "To take one example, with no customs controls we would

in which is full of pesticides. We will lose our independence on environmental policy." It is a sign of Sweden's affin-ence and the lack of real issues that the environment has come to the forefront of the election campaign. "We see the ecosys-

not be able to stop food coming

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as anembers of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London, Printer: Frankfurter Societasts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: G.D. Owen, Financial Times, Brackep House, Canaca Street, London ECAP 4BY. © The Financial Times Ltd, 1988.

campaign. "We see the ecosystems crashing down today, the signs are no longer invisible and young people understand that they will have to pay the price of today's lifestyle," says Mr Gahrton.



OVERSEAS NEWS

South Korea urged to lift controls over economy

By Maggle Ford in Seoul

A RESTRUCTURING of the ME Chun Kyong Hwan South Korean economy was (pictured right), younger economic commission advising President Roh Tae Woo. It involves the further freeing of market forces, liberalisation of imports, reduced government control of industry and agricul-ture and the deregulation of the financial market.

The commission's interim

report and a wider set of spe-cific recommendations have been drawn up following consultations with a wide number of groups in all sectors of society. It is designed to bolster support for change in the new

democratic era.

The recommendations focus
on further internationalisation of the economy, reduction of government intervention and the building of a self-financing

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welfare safety net.
The report says the Government should stop supporting ailing companies and declining industries. Forecasting the possibility of corporate bankruptcies, the report says the Government's role should be limited to belining displaced. limited to helping displaced workers get new jobs or

The Government's role in industry should be reduced, concentrating on the development of science and technology and human resources.

In agriculture the report envisages a restructuring in readiness for the opening of agricultural markets to foreign

products.
This plan, involving increasing farm sizes, speeding indus-trial diversification in rural areas and providing social wel-fare for poor farmers, is designed to avoid the problems faced by the Japanese agricultural sector.

The report recommends the opening of the capital market, the liberalisation of foreign exchange restrictions and interest rates, and greater access for foreign businesses. Argument is continuing about

recommended yesterday by an brother of the former South krother of the former South Korean President Chun Doo Hwan, was yesterday sen-tenced to seven years' jail and fined 3.2bn won (£2,6m) for embezzling money and abus-ing power during his brother's regime, Maggie Ford writes. Mr Chun, whose 11 accom-plies also received jail sen-tences, was convicted of using

phress also received jail sentences, was convicted of using his position as head of a rural development movement to extact contributions from businessmen, extract bribes, embezzle official funds and sell influence.

embezzle official funds and sell influence.

Mr Chun, who is to appeal, claimed he was being used as a political scapegoat and had done nothing wrong.

A National Assembly committee is investigating a widerange of alleged irregularities which took place during the Chun years and 14 members of the Chun family are currently banned from leaving the country.

sident Rob Tae Woo, who helped his predecessor to take power in the 1979 military

this issue, however, and the commission was unable to come up with a consensus on detailed issues or a timetable.

The commission, set up by
the President this year, has
members from all walks of life.

While agreement had been reached on the broad direction of economic change, a number of hard-core issues, including

of hard-core issues, including financial deregulation, remain unresolved, according to Dr Park Soo Gil, a senior economist advising the group.

If implemented, the report would transfer power in the Korean economy from bureaucrais and development economists to a private sector open. mists to a private sector oper-ating in a free market. Regulations would be introduced to allow small busi-nesses to flourish and non-tar-iff barriers inside the system



coun, was asked last week to cut his ties with the former President. Opposition leaders have said that if the ex-President confesses his wrong-doings, spologises and makes restitution, further punishment would not be necessary.

Policies emphasise an improvement in the quality of life, including tax reform to benefit lower- and middle-income earners, regionally hal-anced growth to correct past inequities, an expanded social security system, democratic trade unions and efforts to improve environmental problems such as pollution, lack of low-income housing and poor

The report goes a long way towards answering public demands for economic change, but also hits directly at the many vested interests which have benefited from years of authoritarian rule.

President Roh is expected to make a decision on whether or not to accept it after the Olympic Games finish next

Chief ministers wait in the wings in Pakistan

Christina Lamb profiles two leaders hoping to gain from Zia's death

HEN rumours recently spread across Pakistan that martial law had been imposed, two names were on everyone's lips: Mr Nawaz Sharif and Mr Fazle Haq, chief ministers of Punjab and North West Frontier Province. They were proba-bly the late President's closest associates, and their positions immediately after his death looked precarious and demands for their dismissal resounded from all quarters.

Last week, however, Gen Zia officially became a martyr, bringing the legitimacy he always sought for his regime. The chief ministers, citing the huge attendance at Gen Zia's funeral as evidence that the silent majority did after all approve of his policies, hope to inherit this support. In particular they seek to buttress the new political grouping they formed after splitting from the Moslem League last month.

Ontwardly the two could not be more different - a rich, young whizkid from the Pun-jab and a blunt, chain-smoking retired general from the frontier. However, both thrive on nower and are known as strong

rumours men. Mr Sharif recently had 2,000 men arrested in a single night, while an admirer of Mr Haq confided: "He's the closest we have to Mrs Thatcher."

Both have created personality cults - Mr Haq on the basis of his charisma and out-spokenness, Mr Sharif more by judicious use of money and glossy posters boasting of his achievements in the Punjab. Both are hedonists and both have murky pasts.
Mr Haq was instrumental in

Gen Zia's coup in 1977 and dur ing his eight years as Martial Law Administrator, and as Governor in NWFP, he achieved notoriety for his alleged involvement in drug trafficking. Such charges have never, however, been proved. For his part Mr Sharif is rumoured to have indulged in

massive support buying.

At 60, Mr Fazle Haq is among Pakistan's most charismatic politicians. In 1985 he was elected a senator with the largest majority in Pakistan's history, becoming chief minis-ter after Gen Zia dismissed the Government in May. He now dubs himself a "political animal who revels in contro-

Although he categorically denies asking for martial law, he does not rule out the possibility. "Martial law has always been imposed when the politicians made a mess of things. If they screw up again, the army has every right to take appro-priate action."

Both have created personality cults. . . both are hedonists and both have murky pasts.

Mr Haq interprets the recent incursion of Afghan aircraft deep into Pakistan as a warn-ing that terrorist activities will increase. "Zia's death was part of a plot hatched by our enemies - India, Russia and Kabul - to destabilise the country. They hope to split Pakistan and send in troops, but instead the crowds rallied round dead Gen Zia.

"I'm sure further attacks and attempts to incite violence will continue. [Afghan leader] Najib will clutch at any straw to pre-

vent himself drowning." He claims Gen Zia's death had the greatest impact on members of the opposition Movement for the Restoration of Democracy, whose most important grouping is the Peo-ple's Party of Pakistan led by Ms Benazir Bhutto. "The MRD was a marriage of convenience we? of leftists, rightists and cen-

The chief ministers believe the fractured Moslem League will reunite before elections. "Junelo's league will die its natural death and we will inherit its residue."

Even with a united Moslem League, however Mr Haq predicts no single party will get a

The chief ministers' faction is negotiating with most of the rightist and religious parties as well as MRD parties. In this respect, they are pressing the acting President, Ghulam

Ishaq Khan, to appoint a prime

While the chief ministers are hoping for an extension to the caretaker government, most

dismissal, saying impartial elections are impossible under its auspices. Nawaz Sharif says he will refuse to leave office "The constitution does not require the Government be dismissed. Mrs Thatcher's Government does not step down before elections - why should

They also reject opposition trists, with Gen Zia as their claims that they have used new delimitations to gerryman-der constituencies. Instead. Mr der constituencies. Instead, Mr Haq alleges: "The PPP mastered the art of rigging elections in 1977 - we are the only impediments stopping them doing a repeat performance. A winner will win irrespectively - they are just creating excuses for their future

> Despite these brave words. many people believe the chief ministers' party will remain a potent force only as long as they are in power. In their favour, Ghulam Ishaq Khau has shown no intention of yielding to opposition demands for their dismissal; indeed his recent appointment of a new chief minister for the troubled province of Sind indicates his determination to retain the

Burma violence erupts as strike threat hardens

By Richard Gourlay in Bangkok

VIOLENCE broke out in the streets of Rangoon yesterday after weeks of anti-government demonstrations in which people's committees successfully policed the streets after the army was forced to with-

There were unconfirmed reports that 12 people, including several monks, were killed following a night in which there was shooting and some looting in the South Okkalapa suburb of Rangoon. Some of them had been beheaded, diplomats in Ran-

A pattern has developed of marauders looting depots for food, which could be in short supply as a result of a nationwide train strike and a shortage of fuel for road transport, one diplomat

In Mandalay, huge demon-strations filled the streets, while in Rangoon, a ceremony to commemorate demonstrators who had been drowned in a lake last month turned into a large march in favour of

Opposition figures, including Aung San Sau Kyi, daughter of resistance hero Aung San, and Gen Tin Oo, a former defence minister, said they supported student leaders' demands for a strike on Thursday that would not stop until the one-party regime accepted their demand that an interim gov-ernment be set up immediately, before multi-party elec-

The opposition believes the Burma Socialist Programme Party and Gen Ne Win, the country's leader for 26 years until he nominally resigned allowed party delegates to last month, are trying to retain power despite the apparent nationwide rejection of their

The Government is sticking to its plan to hold a special party congress on September 12, followed by a session of the largely symbolic Parliament the next day, at which the party will consider holding a referendum for multi-party democracy.

Diplomats said this timetable would depend on whether demonstrators physically

travel to Rangoon. This in turn depends on the reaction of the army, which appears to be deliberately avoiding confrontations with the people at the

"I do not think there is any evidence of Ne Win, or top party or army officials, breaking," one diplomat said in reac-tion to speculation that there have been divisions in the

"After all, they are where the naked power lies."

Carlucci to press China

MR FRANK CARLUCCI, the US Defence Secretary, arrived in Peking yesterday for a sixday visit during which he will discuss Chinese arms sales to the Middle East and visit a navel base in Shanghai, Reuter

writes from Peking.

Defence Minister. Chinese newspapers made no mention yesterday of Mr. Car-lucci's visit, which US embassy officials described as a continu-

nology to China and give a pos-itive reply to Peking's offer to use its own rockets to put US-built communications satellites into space. Chinese officials have denied

and medium-range missiles to Saudi Arabia. -

China has denied selling Silkworms to Iran and has given Washington assurances that it will prevent them reaching Tehran through other countries:

Peking acknowledges supply-ing Saudi Arabia with an unspecified number of missiles with a range of 2,000 miles but says they were non-nuclear and for defence only.

concerned China has intro-duced a new generation of mis-siles to the war-torn region. China told Mr George Shultz, the Secretary of State, during a visit in July that it would con-sider a US proposal to hold talks on curbing the spread of ballistic missiles.

China and the US have entered into limited military co-operation in recent years. Washington has agreed to the sale of \$500m of electronic equipment for Chinese jet lighters and aid for an artillery plant and anti-submarine tor-pedoes. But a row over China's alleged arms sales to Iran slowed down implementation

of the deal.

Sino-US relations also suffered a setback last December when Washington expelled two Chinese diplomats, accusing them of engaging in activities incompatible with their status - the usual diplomatic jargon

Illness adds to woes of **Bangladesh**

THE Bangladesh Government THE Rangiadesh Government yesterday reported an out-break of illness in the flood-stricken country, where more than 1,000 people have died of house collapses, drownings and disease, AP reports from Theke

Mr Abdul Munim, the Washington has said it is concerned China has intro-83,000 people were reported to be suffering from diseases caused by the lack of safe drinking water. At least 65 people were believed to have died after contracting diar-rhoea, he said. The floods have submerged wells and

rhoea, he said. The floods have submerged wells and pumps, and officials said many people were trapped on inaccessible high ground with little or no food and no potable water.

Mr Munim said 2,250 medical teams had been sent into the countryside with medicines and water-purifying tablets to combat the outbreak of diarrhoes. Drug manufacture diarrhoes. Drug manufactur-ers have been asked to increase production and appeals for medicines sent to the Red Cross and other international organisations.

An official at the Relief Min-

istry said rescae operations launched two weeks ago remained largely ineffective because of difficulty in reaching affected areas. With limited number of river craft and helicopters, we have not been able to reach the inaccessible areas where millions of people Sri Lanka rebels kill seven

areas where minious of people are trapped for days together without proper food and drink-ing water," he said.

Authorities said the Ganges, the Meghna and the Brahma-putra, the three main rivers in panta, the three main receding-the country, began receding-yesterday, although there was no perceptible improvement in the flood situation.

About 6m people living in Dhaka, the capital, were cut off from the rest of the world

as land links were washed away and the airport remained unusable because of water on

on Mideast arms sales

would be dismantled.

Mr Carinco is to meet senior.
Chinese leaders, including Deng Xiaoping, the 84 year old the Communist Party General Secretary, and Qin Qiwei, the

ation of high-level contacts between the two countries.

Diplomats said they expected Peking to press Mr Carlucci to speed the transfer of high tech-

complaints in the West that their low-cost launching services are an unfair threat to western satellite programmes, or an attempt to evade curbs on imports of high technology.

A US official said Mr Carlucci would tackle China's arms sales, namely the supply of Silkworm missiles to Iran

MARXIST rebels have killed lawyers walked through the seven members of Sri Lanka's corridors of the capital's main ruling United National Party in courthouse yesterday protest-separate attacks, police said, ing against the death of a col-

separate attacks, poince said, ing against the death of a college while in police custody.

They said People's Liberation Front (JVP) gummen killed one member of a newly-elected Liyanarachchi, had been provincial council outside his home in Matara district in southern Sri Lanka yesterday. Six other party members were investigating. A government willed in overnight attacks in the death of a college while in police custody.

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Six other party members were investigating. A government killed in overnight attacks pathologist said he died from throughout the island.

In Colombo, more than 200 himst weapons.

Lange beats off party left wing By Terry Hall in Wellington

THE LABOUR Government sale of the Bank of New Zeaemerged apparently trium-phant against powerful left-wing elements at its annual His defeat by 31-year-old Ms Ruth Dyson, who was favoured by Mr Lange and Mr Roger Douglas, the Finance Minister, and Mr Richard Prebble, Minisconference which ended in Dunedin yesterday although upheavals still seem in store with a big Cabinet reshuffle ter of State-Owned Enterprises, was taken by the markets as a sign that it would be business due later this week. The conference outcome

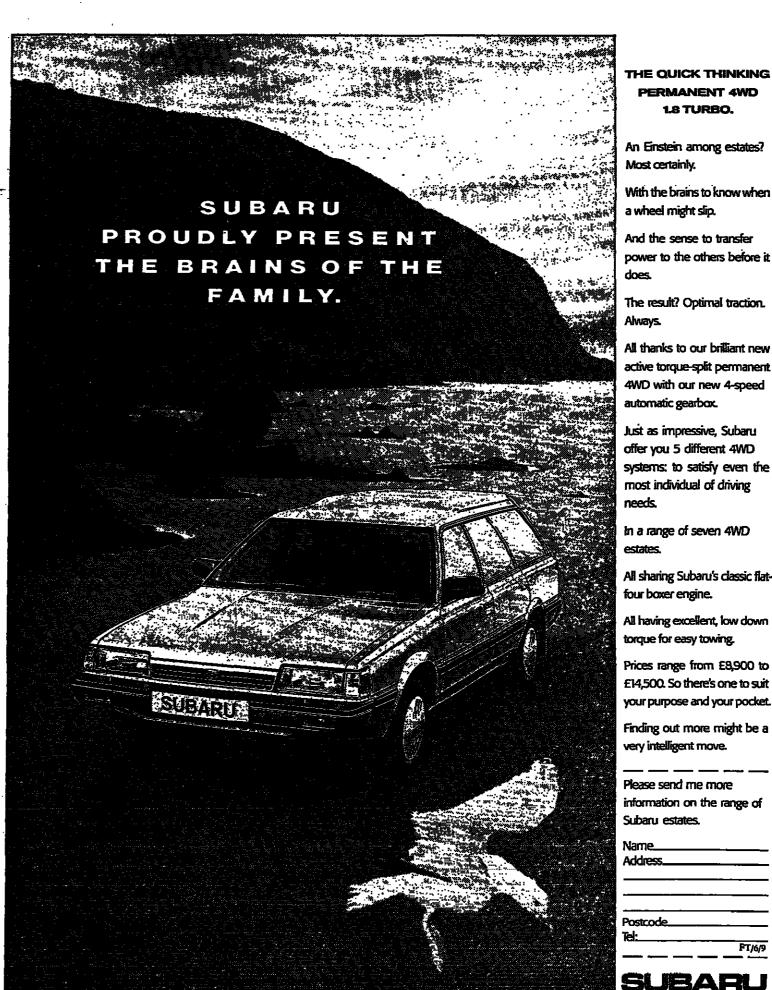
helped settle financial markets. as usual for the Lange Governwhich have been extremely The New Zealand dollar rose nervous for the past three sharply against the US dollar, helped by a weakening of the weeks because of concern that big changes could be coming and that left-winger Jim Anderton would be elected US currency, while domestic interest rates fell to new lows. Mr Lange, fresh from recent party president.
Mr Anderton, a dissident MP heart surgery, was seen as the dominant figure at the conferand former president, heads a ence. He parified left-wingers, particularly unionists, by agreeing to an accord similar

to that operated by the Hawke Government in Australia, which promises full consultation with unions on govern-

Mr Lange is believed to be personally opposed to many of the policies promoted by Mr Douglas and Mr Prebble and there is continuing speculation that one or both could lose their portfolios in the coming

Cabinet reshuffle. Mr Lange has been calling for "a breather" in the pace of reform but Mr Douglas has repeatedly said there will be

There have been wide calls in the party and the press for Mr Douglas and Mr Prebble, the architect of the asset sales programma, to lose their jobs.



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group statincily opposed to most government policies, par-ticularly privatisation and the

WORLD TRADE NEWS

US electronics makers aim to reclaim TV market

AMERICAN electronics for US companies to re-enter manufacturers are seeking govmanufacturers are seeking gov-ernment support and funds for a co-ordinated effort to reclaim a major share of the US television set market, currently dominated by Asian suppliers. This week executives from dozens of electronics and broadcast companies will converge upon Washington to present their ideas to congressmen in testimony on Capitol Hill and at an exhibition of prototype broadcast and televi-

sion equipment.

The focus of much of the discussion will be the emerging technology for High Definition Television, which promises to improve vastly the quality of pictures. Japan has taken the lead in the development of HDTV and threatens quickly to dominate this next-generation television market, which is projected to grow to \$20bn in the US and \$40bn worldwide by

The emergence of HDTV could also be an opportunity

ers claim. Their ambitions received a significant boost last week when the Federal Communications Commission issued preliminary rulings on some of the technical issues relating to HDTV. In particular, the FCC ruled

that any new HDTV system must be compatible with the estimated 80m conventional TV sets owned by US consum-ers and must be broadcast using existing television frequencies. This ruling effectively shuts out the Japanese HDTV system, called MUSE, which is not compatible with the existing US standard.

The ruling "has created a more favourable environment for US developers," said Richard J Iredale of the Del Rey Group, a California-based engi-neering development group that is one of about half a dozen American developers of advanced television technolEchoing support for the FCC rulings, Mr William Miller, president of SRI International, a major research group, said that they "represent the right answer for the American elec-tronics industry." HDTV could provide an important new mar-ket for US semiconductor and electronics manufacturers, he

suggested.
Proposals to be presented this week will include those of the American Electronics Association, a major US industry trade group, which is calling for a study by the National Research Council to investigate the current state of the US consumer electronics industry and its impact on the US econ-

A second study, requested by the AEA, would focus on "the necessary industry and govern-ment co-operation to achieve a revitalisation of the US con-sumer electronics industry," and would be conducted by the National Academy of Engineer-

ICI in move to attack US market for automotive paints

By Ian Hamilton Fazey

ICI PAINTS has carried out its first significant reorganisation since it bought Glidden, the US paintmaking giant, in 1986. The change heralds an important shift in the company's policy towards the £600m-plus US market for painting cars and trucks, long thought to have been sewn up by competitors.

CIL - ICI's Canadian subsidiary - is handing over its industrial coatings business to Glidden so that CIL Paints can concentrate on attacking US automotive markets with the company's new pollution-re-

CIL is to spend \$2m (£1.2m) improving its factory in Toronto next year. It is already strong in high-technology paints for cars, trucks, and bodywork repairs. Mr Jacob Shapiro, CIL Paints' general manager, said: "We will be committing all of our energies and resources to these mar-

Glidden, based in Cleveland, Ohio, is strong in consumer paints and industrial coatings but has never been a significant player in automotive mar-kets.

Mr Shapiro added that the impending US-Canadian free trade agreement, coupled with the anti-polluting features of Aquabase paints – an ICI water-based range developed for the car industry – in an age of increasing environmen-tal pressures, made the time ripe to sell in the US. The move will nevertheless

surprise many in the industry because US car and truckmakers have tended to rationalise their component suppliers - including paintmakers - to three or four in recent years to improve consistency

The main US paint suppliers

are PPG, DuPont and BASF. So strong are their positions that ICI has previously shied away from a direct assault because of the likely cost, choosing instead to license DuPont to use its Aquabase technology.

Its links with DuPont were

the launch of Idac, a Bonn-based joint venture which the two companies hope will become one of the three or four main suppliers that the European car industry is likely to rationalise down to by 1992. However, Mr Bob Mitchell, ICI Paints' spokesman at the business's world headquarters in Slough, stressed yesterday that ICI's right to trade independently had been clearly safeguarded in all agreements with

Official, publicly-acknowledged approval by GM would be a formidable boost to sales.

set to gain from end to

By David Goodhart in Bonn

Gulf war

THERE is cautious optimism in West German business cir-cles that they will be among the leading beneficiaries if the tran-Iraq war ends. West Germany has strong historic trad-ing links with both countries and managed to alienate nei-ther side in the course of the

According to the Germany-Iran Trade Organisation, more than 80 German companies kept offices in Tehran during the war while most European companies packed up and went home. It also said that Japa-nese and West German construction companies were likely to be most favoured in the rebuilding of the country.

Germany's exports to Iran have held up quite well over the past eight years, but exports to Iraq slumped badly and a return to the 1981 level would increase the value of West Germany's total exports by more than one per cent.
In 1981 Iraq imported goods
worth DM6.6bn from West Germany but by last year that had slumped to DM800m. Passenger cars alone slipped from DM2.6bn to a mere DM50m. By contrast, Iran increased West German imports from DM3.6bn in 1981 to DM4.8bn in 1985 although that fell back to DM2.8bn last year.

The sectors expected to benefit most from an end to the war are petrochemicals, the car industry, textiles, telecommunications and construction. Big projects set to resume include the building of a nuclear power station by Siemens-KWU at Busher and the

steel complex at Ahwaz. One potential problem in the re-establishment of ordinary trade relations is mounting debt, especially in Iraq, which is one of West Germany's biggest debtors and Bonn is currently acting as guarantor for an export bill to the country of up to DM8bn.

West Germany's economic diplomacy has, sensibly, been split, with Mr Hans-Dietrich Genscher looking after Iran and Mr Martin Bangemann, the Economics Minister, maintaining contacts with Iraq. An early sign of what rewards can now be expected should come at the international trade fair

w Germany | Lome nations seek to widen base

Canute James, in Jamaica, on moves to add value to raw materials

HEN negotiations begin next month for a new Lomé Convention, the 66 countries of the African, Caribbean and Pacific (ACP) group will propose mea-sures to the European Commu-nity which aim to increase the volume of exports of finished and semi-finished products to

The current emphasis is on raw material exports. The ACP states are also formulating proposals on greater use of European Investment Bank resources and the European Development Fund in financing industrial development ing industrial development. The Lome Convention allows preferential access for their goods to the EC.

This will be the second time that the ACP states have tried to get a fundamental change in its character. "In 1974 we indi-cated to the EC that we wanted some changes in the Conven-tion," said Mr Edwin Carring-ton, secretary general of the ACP. "We wanted to preserve what we had – markets for raw materials and aid. But we wanted a mechanism that would transform the suppliers of raw materials, and this was why we spoke of industrial co-operation. But very soon after this was done and we signed Lomé 1, everyone realised that the chapter on industrial co-operation was devoid of operational content. As someone else said, it was like a Rolls Royce without an engine."

ACP states have concluded that their economies would gain more if they developed industries to process the raw materials which they now ship to Europe. This is despite the benefits from the trading opportunities and the infrastructural assistance under the previous Lomé Conventions

and the earlier Yaoundé agreement. Processing would add value locally, create jobs, transfer technology and build bridges within national economies and among countries of

the group.

The basis upon which the current Lome Convention was agreed was that ACP countries. agreed was that ACF countries were accepted as sources of raw materials, of which the African continent is the most important. With the proposed change, ACF representatives, not least. Mr Carrington, are faced with the problem of

when the convention expired. "At the same time the Altican Development Bank was can Development Bank was investing 51hn a year in commercially viable investment projects in Africa, maintaining a Triple A rating on the capital market. The EIB could not invest in the entire ACP in five years as much as much as the ADB invested in Africa in one

still had 200m ecu uninvested

"Currently the EIB is seen as a European bank which now and then throws some small change in the direction of non-

EIB is seen as a European bank which now and then throws small change in the direction of non-European countries.

ensuring finance for the industries to process the raw materials before shipment to Europe. "There is no way one is going to get industrialisation started or accelerated in the ACP states by the European Development Fund," the secretary general conceded. "The EDF provides grant money for Government development as assistance - it works out at about \$5 a head a year for ACP

The group intends to ask for a redirection of the efforts of the European Investment Bank (EIB) which Mr Carrington said "has been over 90 per cent concerned with Europe, 7 per cent with non-European countries and even less with the ACP states." He reported that in the second Lomé Conven-tion the EIB had been allocated 600m ecu (\$660m) to invest in ACP states over five years, but European countries. We now have to redesign it to deal with a specific window for the ACP

a specific window for the ACP states," he said.

Identifying the finance for industries to process raw materials in ACP states would not solve the problem of obtaining technology, particularly for some countries in the group which might be considered by potential investors as having a business climate which is not encountries.

ncouraging. New industries are also unlikely to be attracted to countries which their own nationals consider financially insecure, and which contribute to the capital flight which afflicts many developing states. The ACP will suggest interest rate subsidies in the hope of increasing the viability of new projects. Mr Carrington

against any changes as funda-mental as those which the ACP will propose.

will propose:

"A European company, for example, which has a plant in Rotterdam processing raw wood from the Cote D'Ivoine will not sit by and watch the establishment of a plant in Cote D'Ivoine and take away their business," the secretary general said. "So we have to talk in terms of joint ventures." The ACP proposals it accepted, would lead to the alteration of fundamental alteration of fundamental areas of the Convention.

areas of the Convention.

The Stabilisation of Export
Earnings Scheme (Stabex), for
example, provides compensation when ACP states suffer a
loss of earnings for raw materials. There is no provision for
similar compensation in the
case of manufactured products.
Similarly Sysmin, the com-Similarly Sysmin, the comals, allows compensation for declines in earnings from ores, such as baudite, but does not

alumina and aluminium. While the convention has made marginal adjustments, the general thrust is for raw materials," Mr Carrington said. "While we must continue with some of the infrastructural aspects such as rural develop-ment and agriculture, the time has come to add a new gear. We need to add this primary concern with the process raw materials and move to industrialisation.

"The Europeans are beginning to recognise the validity of our preoccupation, but I do not think they are yet willing to embrace it in any significant way," he said of the chances of ACP success in getting changes. We may get something but not the full sub-

Bouri oilfield promises output of 50,000 b/d

By Francis Ghiles in Tunis

COLONEL Muammer Gadaffi. the Libyan leader, yesterday mangurated the Bouri offshore oilfield, the largest of its kind in the Mediterranean.

in the Mediterranean.

Bourl, which lies 120km north east of Tripoli, has cost \$2bn to develop and will be operated by Agip of Italy.

Agip's contract with Libya's National Oil Corporation provides for an 81-19 production guilt the layor share going to split, the larger share going to Libya. Production, which started in mid-August, is currently 10,000 barrels of oil a day, a figure which will rise to 50,000 by the end of the year. Proven reserves are estimated at 500m barrels.

The Libyan leader travelled to the southern Tunisian port of Zarzis on Sunday, where he was welcomed by his Tunislan counterpart. Mr Zine El Abidine Ben Ali.
This was Mr Ben Ali's second visit to his southern neigh-

bour in a month. It confirmed that rapprochement between the two countries is proceeding at a rapid pace. The process was initiated after Mr Habib Bourguiba, the former Tuni-sian President, lost power last

At least 300,000 Libyans have visited Tunisia so far this year on a buying spree which has been welcomed by many Tunisians, despite the fact that it has pushed up the price of th

such staple foods as tomatoes and cucumbers.

Meanwhile, the Tunislan
head of state has put off a visit to Washington which was planted for later this month, until some time next year. Col Gadaffi is understood to have told his Tunisian counterpart

chain of exchange businesses he manages has doubled in the

past two months and he

expects it to double again by the end of the year to reach a

turnover of \$2-3m per month.

Negocios de Cambio is a
wholly state-owned subsidiary

tem. Profits from the busin

AMERICAN NEWS

Labor Day ushers in US polls' final furlong | Managua's Dollar Shop

THE US presidential race entered the home stretch yes-terday with Vice-President George Bush and his Democrat opponent, Governor Michael Dukakis, each seeking a Labor Day lift to their campaigns.

Mr Bush, the Republican nominee who has wiped out a 17-point deficit in the polls, campaigned in California, where he was due to give a Disneyland send-off to the US Olympic Team on its way to

Tensions in Chile

set to increase

By Mary Helen Spooner in Santiago

ABOUT 300 people were arrested and several injured

after a mass rally in the capi-

tal, Santiago, organised by Chilean opposition groups call-

ing for a "no" vote against President Augusto Pinochet in

the October 5 plebiscite.
Although Sunday's rally,
which attracted at least 200,000

people, ended without distur-bances, several hundred Chil-

city's main avenue towards the

cannon, calling in reinforce-

ments to contain the marchers. who, nevertheless, managed to reach the La Moneda presiden-

Looters ransacked a televi-sion and stereo store several

blocks away and, in a separate incident, a youth claiming to be the son of a Chilean politi-

cal prisoner placed a bomb in a

By David Owen in Toronto

NOVA SCOTIANS go to the

polls today in a contest which will give Canadian Prime Min-

ister Brian Mulroney's election

strategists a measure of the strength of Conservative sup-

port in the east of the country.

long-serving Conservative pre-mier of Nova Scotia, presides

over a commanding majority

ture. However, the Liberals

under Mr Vincent MacLean are

widely expected to give him a run for his money.

in the 52-seat provincial legisla

Mr John Buchanan, the

Riot police moved to disperse them with tear gas and water

Seoul, South Korea. California, by dint of its size and popula-tion, ranks as a pivotal election state and both men are run-ning in a dead-heat — which reflects the national polls

Mr Dukakis travelled to Cadillac Square in Detroit for a rally with the United Auto Workers who, under Mr Walter Reuther in the 1950s, were one of the most powerful forces in the Democratic party.

The bomb shattered the shop's windows and injured at

least one woman. The youth, who refused to identify himself, was seized by anti-govern-

ment demonstrators.

The disturbances subsided in

the disturbances subsided in the early evening and by yes-terday morning the capital had returned to normal. However, proponents of both the "yes" and "no" vote are organising more rallies and Sunday's events suggest that political

tensions in Chile will increase as the date for the plebiscite

Gen Pinochet went on televi-sion on Sunday night, his third such appearance in less than a fortnight. The 25-minute pro-

gramme consisted of an inter-

view conducted by the press attaché from the Chilean mis-

sion to the United Nations, who at one point asked Gen Pinochet if he liked being in a

Last October another Con-servative stalwart, Mr Richard Hatfield, was humiliated when

his party failed to win a single

seat in a provincial election in neighbouring New Brunswick. The strength of the local

economy has undoubtedly helped Mr Buchanan's cam-paign. With a remarkable sense of timing, Michelin Tire

- the province's largest pri-

vate sector employer - a few weeks ago announced a big

However, Mr Buchanan, 57.

This year, Mr Dukakis has avoided the mistakes of Mr Walter Mondale in 1984, who was hurt by his close identification with organised labour. Yesterday's rally was a deliberate that the state of the st te attempt to make inroads in the industrial Mid-West, where much of his support should lie. With just nine weeks to go to the election on November 8, Labor Day marks the traditional opening for the presiden-

The Vice-President has hurt Mr Dukakis, still relatively unknown to the electorate,

President Reagan, signalling the shift to a new political season, wound up his three-week summer vacation at his ranch in Santa Barbara, California, and prepared to return to Washington. Mr Reagan will have 60 days of campaigning and manoeuvring with Congress in his final session as President before the election.

The Vice-President has burt with attacks which paint him as a liberal from Massachusetts who is soft on crime, defence and federal spending. Mr Dukakis intends to hit back this week with speeches and television adverts which paint him as a liberal from Massachusetts who is soft on crime, defence and federal spending. Mr Dukakis intends to hit back this week with speeches and television adverts which paint him as a liberal from Massachusetts who is soft on crime, defence and federal spending. Mr Dukakis intends to hit back this week with speeches and television adverts which paint him as a liberal from Massachusetts who is soft on crime, defence and federal spending. Mr Dukakis intends to hit back this week with speeches and television adverts which paint of the past seven who is soft on crime, defence and federal spending. future and to suggest that the prosperity of the past seven years under President Reagan has not been equally shared in the US.

The late President Allende's daughter Isabel, now back from exile, with Ricardo Lagos, president of the Party for Democracy

has been severely criticised for the scandals which have plagued his administration. home his potential advantage.

his office wearing a suit and tie him to serve the country. Gen and shown answering the tele-phone and working at a com-puter, responded that he did Pinochet if he liked being in a puter, responded that he did democracy and indicated he position of power.

The Chilean leader, filmed in sake, but for the chance it gave tory in the plebiscite.

Earlier this year Mr Buchan-

an's deputy, Mr Roland "Rol-lie" Thornhill, resigned from the Cabinet after reports

showed that banks had for-

given a portion of an outstand-

ing debt shortly after he joined

the Government in 1981. Two

other former ministers and a

backbencher have been con-

dued summer campaign, the

But, in a surprisingly sub-

victed of offences.

Nova Scotia election to test Tory backing

pared to govern in a full

Ms Alexa McDonough, the pop-

ular New Democratic Party leader, has meanwhile been

hampered by the party's tradi-

tional lame-duck status in the

All polls but one - which

gave the Tories a healthy nine-point lead - have shown

the Conservatives and Liberals

running neck and neck, with

the left-of-centre NDP bringing

Panama output 'at only 50% of capacity'

By Tim Coone in Panama City

PANAMA'S economy is working at only 50 per cent of its capacity, according to Mr Mario Rognoni, the Trade and Industry Minister. In an interview published

uct and that unemploym will reach 31 per cent of the 800,000 economically active workforce by the end of 1988.
Last week President Manuel
Solis Palma said the US had
declared "an economic war"
against Panama and sought to destroy the country's offshore banking centre. The result, he said, "is threatening the very survival of the Panamanian

nation."

He said the Panamanian Government's income had failen by more than 40 per cent this year and that this would necessitate lay-offs and wage cuts in the public sector. The US imposed economic sanctions against Panama in March and April after the dismissal of President Arturo Delvalle by the Panamanian National Assembly.

The sanctions included the freezing of Panamanian gov-

freezing of Panamanian gov-ernment assets in the US and the withholding of royalties due to Panama from the Pan-

ama Canal and the trans-isth-

mus oil pipeline.

In an interview published yesterday in the pro-government daily Ia Estrella he said that economic and political pressure from the US had prompted a hig fall in output and caused the loss of more than 50,000 jebs.

These figures are even more dramatic than those produced by opposition sources, who estimate that the downturn in the economy this year has been between 25 and 30 per cent of Gross Domestic Product and that unemployment directly from their own countries, the company has now

Nicaragua's worse. Last year the visible trade deficit reached \$530m, twice the country's annual

keeps economy afloat show a further decline to The amount of foreign currency flowing through the

Tim Coone reports on a successful rival to the black market

T is one of those odd para-doxes of Nicaragua that, desnite the economic boycott and military threat from the US, a company popularly known as the Dollar Shop is rapidly becoming one of the country's biggest and most profitable businesses.

Located in the middle of Located in the middle of Managua and undergoing a major expansion programme, the company is forecasting a turnover of \$60m (\$36m) this year — all in US currency—up to 50 per cent of which will be profit. To put this in context, total Nicaraguan exports last year came to \$270m.

Selling imported products.

Selling imported products, ranging from baby foods to hi-fis, colour TVs and even motor-bikes, the Dollar Shop has become a vital element in the Nicaraguan economy, helping keep it afloat in perhaps the most severe economic crisis in the country's history. The company is a joint ven-ture between Nicaragua's Tourism Ministry and a Pana-manian concern (allegedly with Cuban connections) and was established in 1984 to tap the growing number of dollars drifting into the black market. Originally designed to provide foreign diplomatic missions with a place to buy luxury goods, rather than having to import them from the Panama Free Trade Zone or

tries, the company has now opened its doors to anyone with dollars to spend.

Mr Herty Lewites, the Minister of Tourism, rejects criticisms that the shop is creating a sharply divided society, with a privileged elite able to purchase a wide range of imported luxury goods while most of the population barely earns the equivalent of \$20 per month.

"With the profits [from the Dollar Shop] we are able to import essential raw materials to keep our industries and to keep our industries and farms working, and expand tourism facilities which not only benefit Nicaraguans but also earn more foreign exchange for the country," he

exchange crisis has never been. export earnings. Early predictions for exports this year

\$250m, according to govern-ment planning officials. Imports meanwhile stick stubbornly at the level of some \$800m per year. Any reduction below that level creates a vicious circle of raw material shortages, causing bottlenecks in agricultural and industrial

production and falls in exports. The huge deficit on the cur-rent account is financed primarily by the Comecon countries, whose donations and soft credits amount to an estimated \$300-400m annually. Supplies of Soviet crude oil amount to an average of \$100m per year. Western European govern-ments keep a further trickle of

Nicaraguan

Trade deficit

(US Sm)

financial aid flowing, but the substantial gap is financed through remittances from famthrough remittances from family members living abroad, mostly in the US, many of whom are undoubtedly sympathetic to the Contras. Some 200,000 Nicaraguans are thought to live in the US.

According to Mr Salvador Rios, the manager of Negocios de Cambia, which has a monopoly on foreign exchange business in Nicaragua, between \$60m and \$50m per year enters

1983 84 85 86 87 Source; F8

\$60m and \$90m per year enters the country as family remit-tances from the US. Previously most of this went into the black market, pushing up the black market rate for the dol-lar to between four and seven times the official parallel rate. since the new economic measures of last June, which freed both price controls and the parallel rate for the dollar, the black market has been virtually eliminated. "We are now competing effectively with the black market," said Mr Rios.

channels at the free market rate, an important source of foreign exchange has been made available for the import of vital paris and materials.

Mr Lewites estimates that from all sources - family remittances (\$70m), government incentives to farmers (\$30m), foreign diplomatic missions and tourism — a total of \$130m a year circulates through the economy beyond the reach of the central bank. "This year we hope to tap 60 per cent of that," he said, through the Dol-lar Shop business and the hotels which charge foreigners in US currency. Negocios de Cambio meanwhile hopes to catch a further \$15-20m and to double that figure next year. But the ingenious Mr Lewites does not intend stopping there. Besides building several new tourist complexes around the country, he is also plan-



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of the National Financial System, which operates Nicara-gua's nationalised banking sysare ploughed back into the economy. Mr Rios said that since the recent austerity measures, virtually all the demand for foreign currency now comes from private businesses wanting to import spare parts

wanting to import spare parts and machinery, rather than individuals wanting to travel or to hold dollars as savings.

The "orthodox shock" packet of measures in June has had its desired effect of morphing up liquidity in the market, and the major realignment of prices and incomes it produced has meant that few people now have surous cash in local curhave surplus cash in local currency to be able to buy dollars.

The remittances from abroad in fact help keep many families solvent. In turn, by changing their dollars through official channels at the free regular.

ning to open three new cine-mas which will charge film-goers in dollars. "That way we can afford to import the latest foreign films and afterwards distribute them in the other cinemas for the rest of the population."

Rolls Royce seeks new R and D materials

By Lynton McLain

ROLLS-ROYCE, the UK aero-engine company priva-tised last year, is changing its research and development strategy to focus spending on new materials and processes. The aim is to achieve substantial improvements in engine performance, to produce ceramic engine parts and possibly a complete ceramic jet engine ahead of its international competitors.
This would be lighter and

smaller, but more powerful for its weight than anything the company has so far produced, although it may not be ready for 10 to 15 years. It would enable radical changes to be made in the design of aircraft. New materials are regarded by the commany as providing by the company as providing the greatest opportunities for future engine technology, in place of traditional mechanical

design improvements.
All the company's international competitors, including
General Electric and Prait & Whitney of the US, Snecma of France and the Japanese Aero Engine corporation are also

considering new materials. The concentration on research into new materials is underway just as the British Ministry of Defence is seeking to get better value for its research expenditure in the private sector. Rolls-Royce is already being asked by the MoD to increase its contribu-tion to joint engine research,

but not by a significant amount, Rolls Royce says. Mr Alaster Duncan, the Rolls-Royce chief engineer for advanced military engine pro-jects, said: "We happen to have run into a time when this fundamental research and development into new materials will be funded more and more by Rolls-Royce.

The decision to concentrate on new materials as the best way of improving engine performance in the future echoes the use of carbon fibre as a new material for fan blades on the original Rolls-Royce RB211 engine. This decision contributed to the collapse of the company in 1971. Rolls-Royce was rescued by the Government and remained in state owner-

ship for 16 years. Carbon fibre is still being studied. But the emphasis is much more on on ceramics, materials which can withstand very high temperatures. These offer the prospect of doubling jet engine performance, while simplifying engine production.

To minimise the risk that the search for new materials Rolls-Royce has appointed an external Materials Advisory specialists, under the ship of Sir Alan Cotsor of metallurgy at

a contain

THE FARNBOROUGH INTERNATIONAL AIR SHOW

Long McDonnell-Douglas jet may get BAe wings

BRITISH Aerospace, which builds the wings for all Airbus airliners, may also find itself building the wings for a new stretched version of the US McDonnell Densites MD 11 to the stretched version of the US McDonnell Densites MD 11 to the stretched version of the US McDonnell Densites MD 11 to the stretched version of the US McDonnell Densites MD 11 to the stretched version of the US McDonnell Densites MD 11 to the stretched version of the US McDonnell Densites MD 11 to the stretched version of the US MD 2000 statute wiles to the stretched version of the US MD 2000 statute wiles to the stretched version of the US MD 2000 statute wiles to the stretched version of the US MD 2000 statute wiles to the stretched version of the US MD 2000 statute wiles to the stretched version of the US MD 2000 statute wiles to the stretched version of the US MD 2000 statute wiles to the stretched version of the US MD 2000 statute wiles to the stretched version of the US MD 2000 statute wiles to the stretched version of the US MD 2000 statute wiles to the stretched version of the US MD 2000 statute wiles to the stretched version of the US MD 2000 statute wiles to the stretched version of the US MD 2000 statute wiles to the stretched version of the US MD 2000 statute wiles to the stretched version of the US MD 2000 statute wiles to the stretched version of the US MD 2000 statute wiles to the stretched version of the US MD 2000 statute wiles to the stretched version of the US MD 2000 statute wiles to the statute wiles to McDonnell Douglas MD-11 tri-

McBonneii Douglas MI-11 tri-jet airliner.

This possibility emerged at the Farnborough International Air Show yesterday when McDonnell Douglas revealed its plans for the new aircraft. The standard version of the MD-11 is already in production and is due to enter airline ser-vice in 1990. vice in 1990.

The "super stretch" MD-11 now planned would be 35 feet

fly up to 8,000 statute miles (12,880km) non-stop. It is planned to come into service in 1994, and is intended to challenge the dominance of Roeing of the US in the world's

Douglas. Mr Worsham said that Douglas hoped to sell between 300 and 400 of the standard MD-11 by the end of this century, with up to another 400 of the

super stretch version.

long-range siriner markets. Announcing the new aircraft, Mr Jim Worsham, president of the Douglas Aircraft Orders and options for the standard aircraft currently stand at 146 from 21 customers, with break-even of the non-re-Division of McDonnell Douglas, said that it could use the new, more powerful version of the curring development costs of

Plessey hopes for \$100m order from US after ITT deal signed

By David White, Defence Correspondent

PLESSEY, the electronics the footbold it is seeking in the gation receivers, under an agreement signed with ITT at the Farnborough Air Show yes-

terday.

The agreement gives Plessey

CFM order

CFM INTERNATIONAL, the joint company of General Elec-

tric of the US and Snecma of France, has firm orders worth

\$15bn for 5,800 of its jointly produced CFM56 engines, the company said yesterday.

Mr Edward Bavaria, senior

CFM, said the order intake for the Franco-US company had

set a record this year. More

than 1,400 engines had been ordered by Airbus Industrie and Boeing, for the A320 and

• Textron Lycoming, the

US manufacturer of small-to-medium sized aero-engines has

launched a new series of commercial turbo fan engines in the £8,000 to £10,000 thrust cat-

The engines are derived from the company's £7,000 thrust ALF502R engine. This is the

engine that powers the British

43

Boeing 737 respectively.

book up

by \$15bn

group, is hoping for more than \$100m worth of US military orders for digital aircraft navioped receivers, designed to work in conjunction with the Navstar satellite network. This market is currently dominated by the US Rockwell Interna-

Plessey claims that its

"global positioning system" receivers, which ITT will promote in the US, are able to pinpoint an aircraft's position

to within 16 metres in any Once the satellite network is complete, this should be possi-

ble in any part of the world.

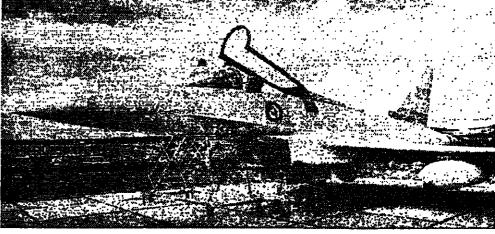
Eurofighter confident of Spanish commitment

By David White

EUROFIGHTER consortium is confident that Spain will stay in the £22bn four-nation project despite French efforts to woo it into the rival Rafale fighter pro-gramme, Mr Gerrie Willox, Eurofighter managing direc-tor, said yesterday.

Both Constructiones Aeron-auticas (CASA), the Spanish industrial partner, and the Madrid Government were providing full support for the European fighter aircraft, he

The Spanish authorities have yet to subscribe to the memorandum of understanding, which the UK, West Germany and Italy signed on May 16, committing the partners to



Eurofighter: the first prototype will fly in 1991

a £5.5bn development, But Mr Willox denied that this delay was in any way holding back the project. No contingency plans had been made for a Spanish withdrawal, he said.

He indicated that development would account for only about a quarter of the total than the initial £20bn esti-

Mr Willox was confident that West Germany would eventually take its full complement of 250 aircraft, the same as Britain, thus fulfilling the forecast requirements of almost 800 aircraft between

The first prototype is expected to fly with an interim engine in mid-1991, entering service in 1996.

Mr Ivor Yates, the chairman of the venture, said he saw good prospects for sales out-side the four partners. Other shown interest, he said.

Boeing plans to boost output to 34 airliners a month

By Michael Donne, Aerospace Correspondent

BOEING, the world's biggest manufacturer of jet airliners, is planning to increase the production rate of several of its aircraft models from an overall total of 27 to 34 aircraft a month during 1989 to meet a

backlog of orders now standing at over 1,000 aircraft. Boeing has won new orders for 469 aircraft so far this year, worth over \$21bn, exceeding the previous record set in 1978

Mr Philip Condit, executive vice-president of Boeing Com-mercial Airplanes, said production of the type 737 short-range jet airliner would go up from 14 to 17 a month, that of the 757 medium-range jet from four

to seven a month, and of the 747 long-range Jumbo Jet from four to five a month. Boeing also said it had won an order worth \$125m from the Civil Aviation Administration of China for another three 757

If we only made cash registers, local government would still be working by the book.



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Creating value

By Raiph Atkins, Economics Staff

BRITISH RETAIL sales leapt by 2.4 per cent in July and consumers' appetites for credit continued to grow, according to official figures released yes-

The figures confirmed the strength of UK economic growth but added to fears of rising inflation and increasing imports as a proportion of high street sales. Retail sales grew faster than the 2 per cent rise forecast in provisional figures. Department of Trade and Industry figures show the amount outstanding on consumer credit agreements increased by £310m in July to £25.4bn. That was less than increases of £440m in June and

However, there are no clear signs of a slowdown in the underlying growth rate – in spite of the steep rise in base rates since the end of May. In the three months from May to July, the increase in the amount outstanding was £1.1bn compared with £1bn in the previous three months. The figures cover bank credit cards and agreements with finance houses, building societies, retailers and special-

ist credit grantors. New credit advanced to consumers, before taking repayments into account, totalled £3.4bn in July compared with 63.7bn in June. The total in the trades survey covering such as washing machines and

By Jimmy Burns, Labour Staff

become the setting for a fresh round of inter-union warfare,

from the TUC of the EETPU electricians' union.

national official for the con-struction sector, said his union

all sectors involved in the proj-

ect. He was also willing to con-

agreement that would exclude

Mr Bevis said: "We shall

meet with the employers in an attempt to reach an agreement

that suits our members as well

as the employers . . . We

could accommodate a singleunion no-strike deal."

The EETPU is privately con-

fident that it could secure a

deal, covering such areas as the running of the shuttle ser-

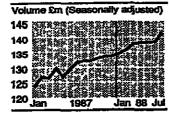
vice across the Channel. It has

rival unions.

Mr Paul Bevis, the EETPU's

THE Channel Tunnel could been encouraged by develop-become the setting for a fresh ments at the Docklands Light

Retail sales



three months to July was 5 per cent higher than in the previous three months. The DTI index for retail sales volume indicates that high street spending may have accelerated. In the three months from May to July, sales

volumes were 1% per cent higher than the previous three months, after seasonal adjust ment. Sales were 7 per cent higher compared with the same period a year before. Financial markets shrug off the figures. The FT-SE 100 share index ended 17.6 up at 1764.5 in thin trading with Wall Street closed for US Labor day. Government securities weakened initially on fears of interest rate rises but later recov-

City analysts are now looking for evidence of a sales slowdown in August. The Confederation of British Industry/ Financial Times distributive

Railway, where employees

voted to be represented by the EETPU rather than the tradi-

However, other unions,

which together with the

EETPU are already involved in the construction phase of the

Channel Tunnel project,

warned yesterday that such an agreement would be strongly

Mr George Henderson, the

TGWU transport union's

national secretary for the con-

struction sector, predicted there could be "major prob-lems" for the project's indus-trial relations if there was any

"intrusion" by the EETPU into

an area where there are recog-

Ulster group creates

225 jobs »

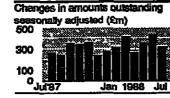
NORHROOOK Laboratories, I. Northern Ireland pharmaceut Northern Ireland pharmaceut company, yesterday annour an \$8500 expansion plan will bring page 5 new job will bring page 100 pown, by 1990. New 7. Co Down, by 1990. Mr. Edward Haughey at Edward Haughey brings chairman, \$3, 7 per page 100 per page 100

common was a result of million dollar orders fry

million dollar orders in maceusical companies bwth on the sulliverst Asia

drugs, wy

Consumer credit agreements



reported sales in August and expectations for September is published on Thursday. Provisional DTI figures for August retail sales are released on

July's upswing in retail sales was due largely to Budget tax cuts which began to feed into pay packets. The DII said wet ather, such as that in July, tended to increase sales in summer months - possibly because people were discouraged from spending time on leisure activities.

Sales and credit growth have been underplanted by earnings continuing to rise much faster than inflation. The buoyancy of house prices has also increased the wealth of the personal sector and boosted

The retail sales figures show a big increase in sales of house-hold goods including items

reaching single-union deals, provided there is proper con-sultation with other unions

that have an interest in the project . . . If there is no such consultation, there could be

the relatively harmonious

industrial relations that have existed on the construction

However, the officials suggest that the expulsion of the

EETPU has put a question

mark over the future of the ad

hoc joint employer-union co-op-

eration on the project that was

Initiated at a meeting in Brus-

That meeting was attended by officials of all the trade

unions involved, senior management of Eurotunnel, and

Tyrone Crystal plans a new £6m factory

tourists will be able to see every stage of production.

The company was launched as a self-help co-operative in what is one of Ulster's worst unemployment blackspots in 1971 to revive a 200-year tradition of local glass making.

By Robert Rodwell

The investment, backed by the investment blackspots in t

Union officials emphasise

serious industrial trouble.'

phase of the project.

sels in May 1987.

Tunnel may spark fresh inter-union strife

nised trade unions. Transmanche Link, the Mr Henderson said: "We as a Anglo-French construction

union have no problem with consortium, and representa-

A £6 million investment will

A £6 million investment will almost double employment at Tyrone Crystal, the cut-glass manufacturer of Dungannon. County Tyrone, which is known craft-based enterprise.

The investment backed by

television sets. In the three months to July, sales volumes were 4 per cent higher than the previous three months. The DTI said that within this

category, sales of furniture, carpets and electrical goods were exceptionally strong.

The seasonally-adjusted index of retail sales volumes stood at 140.1 in July (1980=100) compared with 136.8 in June. The value of sales in July was £8.6bn - 10.3 per cent higher than the same month a

year before. Retail sales are likely to rise further in the autumn as earnings continue to grow. Higher mortgage rates in October could curtail spending but consumer credit is widely acknowledged as fairly insensi-tive to interest rate rises.

The credit figures show the amount outstanding on bank credit cards increased by £18m in July compared with an increase of £140m in June. The amount outstanding on agreements with retailers also July than in the previous

There was a dip in the amount lent to consumers by finance houses and specialist credit grantors. The DTI said this could have been because of people delaying buying cars on credit until August when F-registrations started.

tives of the French and British

governments. Previous TUC

The TGWU, along with UCATT, the construction work-

ers' union, and the GMB gen-

eral union, are currently signa-tories of a civil engineering

working rule agreement with the Federation of Civil Engi-neering Contractors. This cov-

ers wages and conditions and

exhaustive procedures for resolving disputes, which do

not exclude the right to strike.

A similar but separate agree-ment involves the EETPU and

the Federation. The TGWU

claims to be the majority union involved in the Channel Tun-

nel project, but this is disputed

Some union officials fear that rivalries may be fuelled as

sing pressure is put on

brushed aside.

by the EETPU.

the workforce.

objections to the project were

Good neighbours learn **Postal** services at to fight crime in the City a standstill as strike Alan Pike looks at the policing of central London

escalates By Michael Smith and Alice Rawsthorn

POSTAL services in London We've been having problems at a newly refurbished office block," he tells the mem-Scotland and the north west of England were at a virtual standstill last night as the dis-pute over the Post Office's tacbers of an unusual type of Neighbourhood Watch scheme. "There are 81 different tenants tics in clearing the mail back-log caused by last Wednesday's 24-hour stoppage in there and the reception desk is in the middle. So no one has to go to reception to get into the building." Union leaders claimed that

about half Britain's postal workers were on strike, while the Post Office said that 48,000 of its 140,000 full time staff The City office block has recently been modernised, and has plenty of television monitors. But one person in the reception area is supposed to were not working. The effects had been worsened because the strikes were concentrated watch all the screens - an impossibility. in the main sorting centres, it So it has been visited by

swarms of walk-in thieves. The police have responded by establishing an information stand in the reception area, sending notices and a crime strikes have been sparked by the Post Office's use of casual labour and private transport in its attempts to speed the recovery of the mail system prevention newsletter to all tenants and posting plain clothes officers to carry out following last Wednesday's 24-hoor national strike. random checks on suspicious looking people wandering around inside

Informal negotiations between the Union of Commu-nications Workers and the nications Workers and the
Post Office aimed at opening
the possibility of formal talks
were set to continue today.
Mr Alan Tuffin, UCW general secretary, said they were
proving tense and delicate. He
said: "I do not see any cause
for ordinism."

The Post Office suspended its international mail service because of industrial action at the main international sorting centres in London, Manche and Glasgow. Normally about 5m letters are posted overseas

Letters and parcels coming into the UK from overseas countries have been piling up at the Royal Mail depot near Heathrow Airport, London.
At Liverpool, violence broke out on a picket line, with bottles thrown as about 100 casual staff were escorted into work by police at the city's head post office.

in the UK each day.

Only one in three of all domestic letters is still going through the system, according to the Post Office. Ordinarily he Post Office handles 44m inland letters and parcels every day, but the strikes mean that only about 15m will be delivered. Even these may be subject to delays.

Mr Tuffin said he wanted the local disputes resolved before he would agree to talks recruits, the issue which and the 24-hour strike. Unless progress was made in the talks it was inevitable that

postal workers in all parts of Britain would soon be on strike, he said. The Post Office said 40 of its

80 sorting centres and 260 of 18
80 sorting centres and 260 of the 1,500 delivery offices were closed. No sorting offices in Inner London and only three in Manchester were working.

Mr Cockburn said about 70m letters were awaiting delivery. He accused the union of "inflaming the situation" with recruiting large numbers of temporary staff to clear the backlog of mail. He confirmed that the Post Office had hired 500 temporary employees in addition to the 2,500 tempo-rary staff normally hired at this time of year.

The worsening situation

this time of year.

The worsening situation coincided yesterday with an increase in postal charges. First class letters became ip dearer at 19p with second class letters going up to 14p.

• Michael Cassell writes:

Government action to remove the Post Office's research the Post Office's monopoly does not appear to be immi-nent but ministers are increasingly concerned at the impact of the spreading dispute and are making it clear that they will act if the situation continues to deteriorate.

ent could start working for

SERGEANT Dick Lettin of specialists from City compa-the City of London Police nies who look for ways of over-recites a despairing little coming the temptations the large offers criminals, from bandbag thefts in offices to handhag thefts in offices to computer fraud. mbers at the association

meeting attended by Sgt Let-tin - one of the force's specialist crime prevention offi-cers - note the efforts the police are making to overcome the serious problem of people being able to stroll unchallenged around big office blocks, and continue with their

They receive approving reports on a visit to the police driving school by chanfisurs of City company chairmen.

Business leaders are potential targets for kidnap attempts and the drivers were being

There are 81 different tenants and the reception desk is in the middle. So nobody has to walk past it to Neighbourhood Watch, an get in. The building Neighbourhood watch, an increasingly popular scheme whereby a small district's police and residents co-operate in crime prevention, usually provokes images of suburban householders peering from behind curtains on the look-out for anything suspicious in the has been visited by swarms of walk-in thieves.

instructed in ways of protecting their employers. Forget old-fashioned courtesies, like getting out of the car to open the back door, is the advice. Have the engine running, and drive off as soon as the boss is

Another item on the agenda concerns a video and booklet aimed at women workers, produced by the association in confunction with Brook Street Bureau, the employment

One consequence of the financial markets revolution is that far more women work late in City offices. The association which ha is trying to explain to them the past.

and their employers how they can be protected at werk and

while travelling.
Some of the items on the crime prevention associations' agendas might suggest that the City of London is a European

City of London is a European capital of crime. In many ways the reverse is the case. In terms of violent crime it is probably one of the safest big city centres in the world—there were 25 muggings in the Square Mile last year, but three people killed and 432 injured in road archients.

Mr William Taylor, the City Police's assistant commis-Police's assistant commissioner, greatly values the sup-port the business community gives through the crime pre-

vention associations.

"Community policing is as important in the City as anywhere else. Our community is an unusual one but its support

is as necessary for us as for any other police force."

The crime prevention associ-ations, which are active and well-attended, succeed in rais-ing awareness about crime pre-vention and detection, an essential ingredient in police work, he says. Shops, pubs and schools in and around the City have all been involved in their

have all been involved in their crime prevention activities.

The City Police are involved in some specialist areas such as fraud investigation and VIP protection to a greater degree that most forces. But in other ways the 800 officers, overseen by the police committee of the City Carporation, preserve the atmosphere of a local police force answerable to a local force answerable to a local authority - something which has disappeared elsewhere in the country with the trend to

101 Hi 1.1

larger forces. Both Mr Taylor and Deputy Wimburn Horlock, chairman of the City police committee, see advantages in this which would disappear if the City force were ever amalgamated with the much larger Metropolitan Police – a possibility which has been discussed in

of police officers and security EC finance directive under fire

By Clive Wolman

reduce crime.

THE LONDON Exchange's 1992 working committee, set up in April to examine the effect of European integration on the securities industry, publishes today a crision's proposals for investment

for anything suspicious in the quiet street outside. But in the City of London it takes a differ-

ent form, with the police involving their version of householders – the business community – in efforts to

Conventional Neighbour-

hood Watch schemes are a

product of the 1980s, but the City of London Police's involvement with businesses

Today three crime preven-

tion associations cover the

Square Mile, which maintains one of Britain's smallest police

goes back to the 1950s.

The criticisms, aimed at the third draft directive, on invest-ment services, will be passed to the Commission in Brussels

All wells now fully plugged at Piper Alpha

By Steven Butler OCCIDENTAL Petroleum yesterday said all 36 wells at the burnt-out Piper Alpha plat-form had been sealed with sec-

ondary cement plugs.

The cementing operation completes a phase of work aimed at securing the remain-ing mangled jacket structure before the start of severe winter weather

It also brings forward the time when a full search can begin for the bodies of 120 men still missing after the explosion

still missing after the explosion on July 8 which killed a total of 167 people.

Primary cement plugs through the central tubing of the wells had been installed earlier. The secondary plugs seal the space between the inner tubing and the casing.

The end to that work on the platform itself will allow for a platform itself will allow for a speeding up of operations aimed at clearing debris from

next week by officials of the Trade and Industry Department and Securities and Investments Board, the chief restor protection agency.

Meanwhile, the SIB said it had reached agreement with eight more overseas regulatory bodies to supervise financial institutions with branches in

They are the Reserve Bank of Australia, Central Bank of Ireland, Commission Bancaire of Belgium, Nederlandsche Bank, Canadian Superintendent of Financial Institutions,

Swiss Banking Commission, Sydney Futures Exchange and the US Commodities Futures Trading Commission.



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of local authority support to business expansion of any UK city.



The Investment is working

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The passengers on this flight left Heathrow at 10.30am, yet will touch down in New York a little after nine o'clock. They could then be on Wall Street in under an hour, a full day's work ahead. They could only be on one aeroplane.

yk III

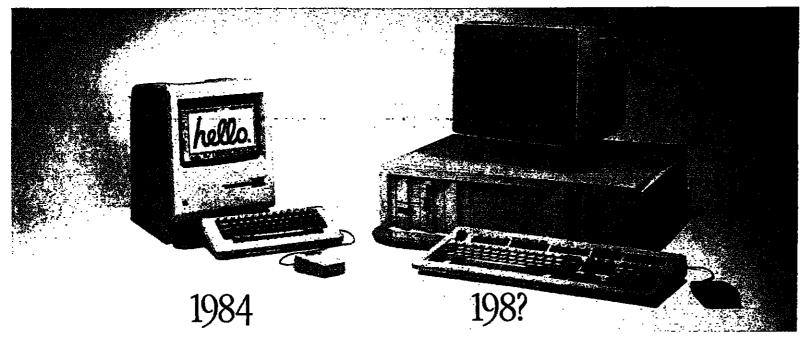
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What our competitors hope to do tomorrow, Apple did yesterday.

Apple Computer actually set the ball rolling in 1977 when we created the very first personal computer.



In 1984 we created another first with our launch of the Macintosh" personal computer Our competitors then, and now, could only greet it with a blank stare. Macintosh, rather than using computer jargon, used easily understood words and symbols such as files, folders and menus which, with the help of a mouse, speeded and simplified operating.

The mouse, which we introduced in 1983, freed your mind from the drudgery of learning complex keyboard commands. You concentrated on what you were doing, rather than how you were going to do it.

Another innovation in '84 was our pocket-sized 3½" disk. We're flattered to note the number of other manufacturers who

have recently adopted the same size. DeskTop Publishing was created by us in the following year to help businessmen produce

professionally printed documents in-house.

Low-cost networking also saw the first light of day in 1985 when we introduced AppleTalk. This gave Macintosh computers the ability to talk to each other as well as with peripherals. Nothing could be simpler, you just plugged one cable into another to open the dialogue.

In 1987 we launched HyperCard, a revolutionary way of storing and accessing information. One that is creating an entire industry in multi-media information management.

As a result of the keenness consumers have shown for our innovations they have now become industry standards.

Consequently, we've grown to become the largest dedicated manufacturer of personal computers in the world. To discover more about Apple Computer dial 100 and ask for Freefone Apple.

Next year our competitors hope to catch up with our performance in 1984.

What will we be doing? Suffice to say old habits die hard.

. Apple. The power to succeed.

UK NEWS

Top scientist argues case for more research funding

By David Fishlock, Science Editor

A POWERFUL plea for both government and industry to increase their spending on science was made by one of Britain's leading bioscientists, opening the annual meeting of the British Association for the Advancement of Science in Oxford last night.

Sir Walter Bodmer, research director of the Imperial Cancer Research Fund laboratories in London, in his presidential address to the British Association when the British Association was the Company of tion, urged the Government to transfer funds from other areas of research such as defence, to reinforce basic science in

The universities, however, needed to develop ways of managing research more efficiently, and were not the best place for acquiring the skills of

good scientific management, he added.

Sir Walter, a former member of the academic staff at Oxford University, strongly supported Government efforts to develop the controversial new interdisciplinary research centres (IRCs) in universities.

Such centres were essential for the maintenance of an adequate level of fundamental sci-entific research in Britain, and would be a good training ground for much-needed search managers, he said.
"Most areas that are now at

the forefront of scientific research are, to a greater or lesser extent, interdisciplinary and derive great benefit from the intellectual stimulus created by close interaction between outstanding scientists in different disciplines."

He attributed the fact that his own research institute, which relies for most of its funding on charitable donations, had maintained standards "competitive with any institution in the world" to its ary centres of excellence in cancer research.' Effective management and

organisation of research was needed, whatever the level of support, he added. Sir Walter said it was surely always much better to give adequate support to a more limited number of productive laboratories, than to create equal misery for all."

Even so, there was a wide-

spread consensus that the science base in Britain was sub-stantially under-funded. The only realistic source of support for most basic research was

Science needed support not just for cultural reasons but also because of its importance for future health and prosperity. Sir Walter said that what was needed was a cogent pre-sentation of the argument that today's prosperity rests on hasic research that may have been done many years ago: "The time has surely come for a redenloyment of support for a redeployment of support for the science base from other areas of government expendi-ture on science."

ture on science."

But industry, too, must play its role. Expenditure on research and development in British industry had fallen significantly behind that of the US, France, Germany and Japan, Sir Walter said. "If industry increased its support, inevitably at the more applied end of the spectrum, then the research councils could concentrate their more limited resources on the basic end, which only they can support." which only they can support."

applicants

By David Green

MORE THAN 9,000 people from all over Britain have now applied for work on the Sizewell B nuclear power station site in Suffolk, north-east of London people for three the London, nearly four times the number of jobs which will be available during peak con-

However, a shortage of qualified civil engineers has forced the main contractor, Jehn Laing to recruit workers from as far afield as Australia, New Zealand and Malaysia. Nearly 1,000 people are now helping to build Sizewell B,

Britain's first pressurised water reactor (PWR) nuclear power station.

The workforce will rise to a peak of 2,300 during the next two years, when the main construction phase is due to be

Work started on site in work started on site in March last year, and the £1.7bn power station is expected to start feeding into the national grid in 1994.

Detailed site investigations are to proceed shortly into the suitability of editorat land for

much longer. Australian-born Ms Murray suitability of adjacent land for a Sizewell C plant, which would also be a PWR. after gaining a masters degree

N-plant site Nuclear industry looks for energy draws 9,000 David Fishlock on a symposium to discuss symplies of granium David Fishlock on a symposium to discuss supplies of uranium

London-based think-tank for the international nuclear energy industry, is this week holding its first symposium for a decade to focus on future supply of the mineral rather than demand for it.

Over-capacity in uranium and nuclear fuel production has been the dominant issue of the 1980s, because the industry has failed to keep up with 1970s forecasts for installed nuclear electricity capacity. But the institute estimates that by 1992-95 uranium demand will match the capacity of the mining and process-

ing industry.
The architect of the London

meeting is Ms Jan Murray, who has been the Institute's secretary-general for the past year. "I thought it was time to ask hard questions about what ought to be done," she says. The physical aspects of expansion – opening a new mine in Australia, for example need only five to seven years. The political and regula-tory uncertainties can take

was hired in 1979 from a French management school



Jan Murray of the Uranium Institute: "I thought it was time to ask some hard questions about what ought to be done"

in business administration. For the US in 1979, nuclear power five years her speciality was really was making a comeback. nuclear power's "public acceptability," a term she dislikes because it implies at best a passive tolerance — "not a very inspiring goal."

By April 1986, as deputy to the secretary general, Ms Mur-ray felt confident enough to draft what she called a provocative discussion paper for the Those years convinced her that, despite the trauma of the Three Mile Island accident in institute, taking a bullish view of nuclear energy over the next ten years: "I felt I could see a

soothing of public anxieties." Late that month Chernobyl exploded, reviving all the earlier public anxieties. "It was a huge setback," she said.

As Ms Murray sees it, nuclear energy has two "inconveniences". One is that it involves quantities of radiation which demand exceptionally high standards of quality con-

trol and management.
The other is that some of the technology can potentially be used to make nuclear weapons. "But there are various mechanisms by which these incon-veniences can be reduced to tolerable levels", she says. Almost from its inception the institute has admitted uranium consumers as equal part-ners, reducing fears that it

body.
Producer members represent almost four-fifths of the West-ern world's uranium production, and the consumer mem-bers represent nearly half the West's nuclear electricity production. Each side alleges that the other is dominant.

might become a price-fixing

Chairman for the symposium this week is Mr Roy Lloyd, president of the Canadian mining group, Saskatchewan Min-ing Development Corporation.

DFC FINANCE (OVERSEAS) LIMITED NOTICE OF A MEETING A\$50,000,000

13% Guaranteed Bonds Due 1990
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DFC NEW ZEALAND LIMITED

On 28 June 1988 the Crown acting by and through the Minister of Trade and Industry and the Minister of Finance entered into a purchase contract for the sale of all the issued shares of DPC. The Crown will sell DPC to the National Provident Frast ("NPF") and New York - based investment bank. Salamon Brothers. NPF, a mutual fund and New Zesland's largest manager of superantmention funds, will acquire 80 per cent. of DPC and Salamon Brothers will acquire 80 per cent. of the expanded capital microsmof NZSA's million will be nade for fourier sale by NPF to DPC's management, and an additional 5 per cent. will be made available to DPC's staff. DFC will continue to

In order to ensure that no breach of puragraph (f) of Condition 3 would thereby occur the purchase contract provides, among other things, that notwithstanding any enactment or rule of law or equity to the contrary neither of the purchases thereunder will acquire or be deemed to acquire beneficial ownership of or any real right or interest in any share in DFC by reason of the execution of the purchase contract, the purchase contract becoming associational, or any action taken under or for the purposes of giving effect to the purchase contract, unless and until the closing of the sale and purchase of all the shares of DFC thereby agreed to be sold actually occur, the purchase contract manage other things, that the closing of the sale and purchase of all the thereof of DFC thould occur at 11 am (Wellington time) on 18 November 1988 or, if that day is not a business day (as defined in the purchase contract), then on the next succeeding such business

As a result of these changes it is now necessary to amend Condition 8 by deleting paragraph (e), as the Acts of Parliament thereis referred to will no longer be relevant to the new shareholders of the Guarantor, by deleting paragraph (f), which applies upon a change or changes in the beneficial ownership of any of the voting starse capital of DFC affecting in the aggregate more than 25 per cent. of that capital, and by amending paragraph (g) by deleting the words "an Act of the New Zealand Parliament is passed for the winding up or dissolution of the Guarantor or any analogous Act of the New Zealand Parliament is passed or", which words are no longer necessary. coduces to Condition 2 (and the consequent decreed magnetomes to the automat appearing on the face of Compan 4) will result in the payment of an additional once only assesse of 0.125 per cent. face appears of oach Band on 23rd July, 1969.

eting in accordance with its immunities.

See though the whose Bonds are held by Euro-clear or CEDEL S.A. and who wishes to obtain a voting certificate or give voting instructions may instruct Euro-clear or CEDEL S.A. to hold his dot to the order of a Paying Agent and to either obtain and forward a voting certificate to such Bondholder or give the Paying Agent the Bondholder's voting instructions, and may be deposited with any Paying Agent or (to the antifaction of such Paying Agent) held to its order or under its control by CEDEL S.A. or the operator of the Euro-clear System or other person approved by it, and later them 38 hours before the time appointed for holding the Meeting (or, if applicable, any adjournment of such Meeting) and (ii) the surrender of the wring certificate(s) or, not less than 48 hours one the time for which the Meeting (or, if applicable, any adjournment of such Meeting) and (ii) the surrender of the wring certificate(s) or, not less than 48 hours one the time for which the Meeting (or, if applicable, any adjournment of such Meeting) and (ii) the surrender of the wring certificate(s) or, not less than 48 hours one the time for which the Meeting (or, if applicable, any adjournment of such Meeting) and (ii) the surrender of the wring certificate(s) or, not less than 48 hours

t. The quorum required at the Meeting is two or more persons present in person holding Bonds or voting certificates or being proxims and holding or representing in the aggregate a clear majority is principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed). If within 15 minutes from the time fixed for the Meeting a quorum is not present the Meeting shall stand adjourned for such period, not being less than 28 days nor more than 42 days, and to such time and place, as may be designated by the Chairman of the Meeting. At such adjourned Meeting the quorum shall be two or more persons present in person helding Bonds or voting certificates or being proxims wherever the principal amount of the Bonds so held or represented.

quession submitted to the 'Mesting will be decided on a show of hands milets a poll is duly demanded by the Charman of the Mesting or by one or more persons holding one or m or voting certificates or being present and holding or representing in the aggregate not less than one-lifteth in principal amount of the Bonds for the time being outstanding. On a show every person who is present in person and produces a Bond or voting certificate or is a growty shell have one work. On a poll every person who is so present shell have one work in respect \$1,000 principal amount of Bonds so produced or represented by the voting certificate so produced or in respect of which he is a proxy.

DOCUMENTS

The following documents are available for collection or inspection at the offices of the Paying Agrats 6 ents from the date of this Notice uptil the conclusion of the Meeting or any adjourned such

(i) voting certificates (in respect of Bonds deposited with, or held to the order of a Paying Agent);

(iii) a draft (ambject to modification) of the Supplemental Trust Dend to effect the proposed modifications. PRINCIPAL PAYING AGENT

Chibank, N.A. Chibank House, 336 Strand, London WC2R IHB

London WCZR IHB
PAYING AGENTS

Ciricorp Investment Bunk (Switzerland).

Balanhofatrasse 63. Sehnhofstrasse 63. CH-8622 Zurich.

Citibink, N.A.

DFC FINANCE (OVERSEAS) EIMITED

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DFC FINANCE (OVERSEAS) LIMITED
NOTICE OF A MEETING
of the holders of the outstanding
U.S.\$100,000,000
11% Guaranteed Bonds Due 1995
Unconditionally guaranteed by
DFC NEW ZEALAND LIMITED

holders of the above Bonds (the "Bondholders") convened by the Issuer will be held at The Barbscan Centre, Silk Street. London ECTY SINS in r., 1988 at 10.30 a.m. (London time) for the purpose of considering and, if thought fit, pussing the following Resolution which will be provised as an eprovisions of the Trust Deed (the "Trust Deed") dated 15th July, 1983 made between DFC Finance (Overseus) Limited (the "Stote"). Development of by DFC New Zealand Limited (the "Guarantor") as guarantee and The Law Debenture Trust Corporation p.Le. (the "Trustee") as trustee to the

On 28 June 1968 the Crown acting by and through the Minister of Trade and Industry and the Minister of Finance entered into a purchase contract for the sale of all the issued shares of DFC. The Crown will sell DFC to the National Provident Fund ("NPF") and New York - based investment bank, Salomon Brothers. NPF, a mutual fund and New Zealand's largest manager of superannuation funds, will acquire 80 per cent. of DFC and Salomon Brothers will acquire 20 per cent. Immediately after settlement a capital injection of NZS45 million will be made. Following this, 20 per cent. of the expanded capital will be set uside for future sale by NPF to DFC's management, and an additional 5 per cent. will be made available to DFC's staff. DFC will continue to

In order to ensure that no breach of paragraph (f) of Condition 8 would thereby occur the purchase contract provides, among other things, that notwithstanding any enactment or rule of law or equity to the contrary petities of the purchase as thereunder will acquire or be deemed to acquire beneficial ownership of or any real right or interest in any share in DPC by reason of the execution of the purchase contract becoming enconditional, or any action taken under or for the purposes of giving effect to the purchase contract, unless and until the closing of the sale and purchase of all the shares of DPC thereby agreed to be sold actually occurs. The purchase contract also provides, smoong other things, that the closing of the sale and purchase of all the shares of DPC throughout the purchase of all the shares of DPC throughout the purchase of all the shares of the sale and purchase of all the shares of the closing of the sale and purchase of all the shares of the closing of the sale and purchase of all the shares of the closing of the sale and purchase of all the shares of the closing of the sale and purchase of all the shares of the closing of the sale and purchase of all the shares of the closing of the sale and purchase of all the shares of the closing of the sale and purchase of all the shares of the sale and purchase of all the shares of the closing of the sale and purchase of all the shares of the sale and purchase of the sale and purchase of the sale and purchase of all the shares of the sale and purchase of the sale

As a result of these changes it is now necessary to smead Condition 2 by deleting paragraph (e), as the Acus of Parliament therein referred to will no longer be relevant to the new shareholders of the Generator, by deleting paragraph (f), which applies upon a change or changes in the beneficial ownership of any of the voting share capital of DFC affecting in the aggregate more than 25 per cent. of that capital, and by amending paragraph (g) by deleting the words "an Act of the New Zealand Parliament is passed for the winding up or desolution of the Guarantor or any analogous Act of the New Zealand Parliament is passed or", which words are no longer necessary.

nmentment to Condition 2 (and the consequent decated attendance to the amount appearing on the face of Coupon 4) will result in the payment of an additional once only assessed of 0.5 per cent, or face amount of each Road on 19th July, 1989.

The issuer has accordingly convened a Meeting of the Bondholders by this Notice to request their agreement by Extraordinary Resolution to the matters commised in Such Extraordinary Resolution to the Su

The Issuer and the Guaranter consider that the proposed modifications contained in the Extraordinary Resolution set out above are fair and reasonable in the circumstances and, accordingly, the Issuer and the Guarantee recommend all Bondholders to vote in favour of the Extraordinary Resolution.

VOTING AND QUORUM e at the Meeting cither the Bood(s), or a valid voting certificate issued by a Paying Agent relating to the B

A Bondholder not withing to attend and vote at the Meeting in person may either deliver his Bond(s) or voting certificate(s) to the person whom he wishes to attend on his behalf or give a voting instruction (on a voting instruction form obtainable from the specified offices of the Paying Agents set out below) instructing a Paying Agent to appoint a proxy to attend and vote at the Meeting in accordance with his instructions.

A Bondholder whose Bonds are held by Euro-clear or CEDEL S.A. and who wishes to obtain a voting cardificate or give voting instructions may instruct Euro-clear or CEDEL S.A. to hold his Bonds to the order of a Paying Agent and to either obtain and forward a voting certificate to such Bondholder or give the Paying Agent the Bondholder's voting instructions.

Bonds may be deposited with any Paying Agent or (to the satisfaction of such Paying Agent) held to its order or under its control by CEDEL S.A. or the operator of the Euro-clear System or sny other person approved by it not later than 48 hours before the time spointed for holding the Meeting (or. if applicable, any adjournment of such Meeting) and (ii) the surrender of the voting certificate(s) or, if applicable, any adjournment of such Meeting) is convened, of the voting instruction receiptis) issued in respect thereof.

The quorum required at the Meeting is two or more persons present in person holding Boads or voting certificates or being proxies and holding or representing to the aggregate a clear majority in principal amount of the Boads for the time being outstanding tes defined in the Trast Devil. If within 15 minutes from the time fixed for the Meeting a quorum is not present the Meeting shall stand adjointed for such person, not being less than 25 days for more than 42 days, and to such time and place, as may be designated by the Charles and Meeting, at such adjointed because the principal amount of the Boads so beld or represented.

Every question submitted to the Meeting will be decided on a show of hands unless a poil is duly descanded by the Chairman of the Meeting or by one or more persons holding one or more Boods or voting certificates or being precises and holding or representing in the aggregate not less than one-fiftieth in principal amount of the Boods for the tame being outstanding. On a show of hands every person who is present in person and produces a Bood or voting certificate or is a proxy shall have one vote. On a poll every person who is so present shall have one vote in respect of each U.S.53000 principal amount of Boods so produced or represented by the voting certificate so produced or in respect of which he is a proxy.

4. To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than three-quarters of the votes cast. If passed, the Extraordinary Resolution will be bind the Bondholders, whether or not present at such meeting and whether or not voting, and upon all the holders of the Coupons relating to the Bonds.

(iv) the Annual Report and Accounts of the Guarantor for the year ended 31st March, 1988

(i) the Trust Deed constituting the Bonds:

(ii) the Memorandum and Articles of Association of the Guarantar, and

(iii) a draft (subject to modification) of the Supplemental Trust Deed to effect the proposed modification

PRINCIPAL PAYING AGENT 336 Strand. London WC2R IHB

PAYING AGENTS

DFC FINANCE (OVERSEAS) LIMITED

IF YOU ARE IN ANY DOUBT ABOUT WHAT ACTION YOU SHOULD TAKE AS A CONSEQUENCE OF THIS NOTICE YOU SHOULD CONSULT YOUR USUAL FINANCIAL

or John Stephens the last straw was the prospect of a rent review which threat-ened to double the payments for the 4,500 square foot factory

for the 4,500 square foot factory his company occupied in Bordon, Hampshire.

Since Stephens Packaging, a supplier of hair and beauty products to the hairdressing trade, was anyway faced with moving to a larger factory to keep up with growing demand, stephens decided to move out of the south-east altogether.

of the south-east altogether. In June 1987 he took his company across country to Wrexham in north-east Wales. He now pays £2 a square foot for a 10,000 sq ft factory compared with the £4.65 he would have been paying in Bordon. Turnover is expected to dou-ble this year to £500,000 and the workforce has increased

from 15 to 27.
For Alfred Heise, chairman and managing director of Zonal, a manufacturer of professional recording tapes based in Redhill, Surrey, the draw-backs of being located in the south-east were also starting to tell. The local jobs boom already made it difficult to recruit more staff and further expansion of nearby Gatwick airport threatened to suck the

job market dry. Heise opted to keep his head office in Redhill but he shifted the most labour-intensive part of operations 500 miles north to Invergordon, near inverness.

Seven hundred people applied for the initial 20 jobs created by Zonal last September and the workforce has now grown to 35. With sales of £8m, Zonal now has a production workforce of 26 (out of a total head office staff of 80) in Redhill producing broad reels of tape which are sent north for splitting and winding.

There is nothing new about companies taking the decision to move out of the crowded south-east of England to regions where there is greater scope for expansion. But the recent pace of economic growth in the south-east has made relocation an attractive option for many even quite small companies.

"There is a definite upturn in the number of small compa-nies, in particular those from the south-east, looking to relocate or to expand in Wales," says Michael Price, director of WINvest, the inward investment arm of the Welsh Development Agency.

WINvest appointed an executive to target companies in the south-east of England only last month while the Highlands Relocation

Where the grass may be greener

Charles Batchelor gives reasons for moving from the south-east

Some companies move their entire business out while others move just their manufacturing operations. Furness Controls, a manufacturer of

pressure measuring instru-ments with turnover of £2.5m, moved its more routine produc-tion work from Bexhill in East Inverness but kept its corporate management, design and sales teams in the south-east.

Derek Mills, chairman and

managing director of Metpost, a £4.2m turnover business which makes metal supports for garden fencing, initially kept his sales team in Maidenhead, Berkshire, when he started manufacturing operations in Cardiff in 1979. But he subsequently moved his salesmen to south Wales too, keeping only a distribution centre in Maidenhead.

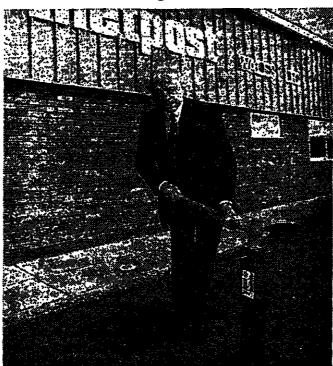
The problem of finding suitable premises is one of the main reasons for companies to leave the south-east. "You have problems extending because of planning restrictions," says Terry Furness, chairman of Furness Controls. "You get fed up with the has-

John Stephens complains not only of the high level of factory rents in the south-east but of the unsympathetic attitude of local authority landlords. "As soon as they get you into premises they put up the rent." he claims.

Attitudes to work are understandably very different in regions with high unemploy-ment compared with the south-east. Before moving his conservatory manufacturing business, Profile Joinery, from Bagshot in Surrey to Port Tal-bot in South Wales last March, David Wall was forced to employ many of his workers in the south-east on a sub-contract basis.

"You could not get people to work on a PAYE basis which meant you did not have so much control," he says.
Wages are usually lower in

the regions though some comand Islands Development panies which retain operations Board (HIDB) three months in the south-east pay the same ago made Richard Myers its rate at both sites to avoid



Derek Mills: moved production of Metocsts to Cardiff

Surprisingly, moving out of the south-east does not cause the distribution problems many companies fear.

John Stephens says he was

delivering conservatories to customers spread between Glasgow and Devon so a North Wales base was more convenient than one in Hampshire. Alfred Heise says it is cheaper for Zonal to ship single pallets of tapes to London from Invergordon than from Redhill because of the high cost of transport in the south-east. Businessmen like to believe

their decisions are purely ratio-nal but personal preferences frequently play a part in a firm's decision to relocate. "The chief executive may have spent a holiday or have relatives in a particular area," notes the HIDB's Myers.

Regional development agencies usually offer financial incentives to newcomers. While a company which moves for the grants alone is probably taking the wrong decision, the

taking the wrong decision, the incentives can repay some of the costs of moving.

Profile's David Wall points out, however, that the grants will not come through until the company is established, new workers taken on or new equipment bought, a fact which he feels is often overlooked in the agencies' optimistic brochures.

The move itself can prove a testing time for the small company with limited resources. The biggest problem in the early stages for Furness was getting senior staff up to Inverness and back. Despite a direct London-Inverness air link the distance made for long working days, says Terry Furness. How to maintain deliveries

to customers while machinery is being moved several hundred miles is a major head-ache. David Wall says Profile's production was interrupted for 2½ months by a variety of unplanned problems including a 13 week delay in installing the right electricity meter.

Some companies overcome the problem by moving production in stages. Zonal shifted machinery north which it could not use in the south because of labour shortages, took on staff in Invergordon and once they were in production moved more machinery up from Redbill. from Redhill.

Stephens Packaging decided to build up stocks in advance and then make a quick move. "We shut down and moved in one go," says John Stephens. "We installed the machinery in We installed the machinery in Wrexham the next day, a Friday, and brought our new production staff in on Monday. We moved other staff and equipment up over the next week."

While there is no shortage of people looking for work in areas such as Wales, the Highlands and northern England, the next recruits will still have

the new recruits will still have to be trained in the incoming company's specific skills. Profile, for example, had to retrain engineers used to working in steel to deal with timber.

"You can't simply set up in a new area and take on people and expect the company to be like it was in the previous location," says WINvest's Michael Price. "It takes time to train people to your standards and procedures."

procedures."
Some key personnel may prove difficult to find locally and may have to be brought in from head office. Profile is still looking for a production man-ager after several months while John Stephens took his works manager with him from Bordon to Wrexham.

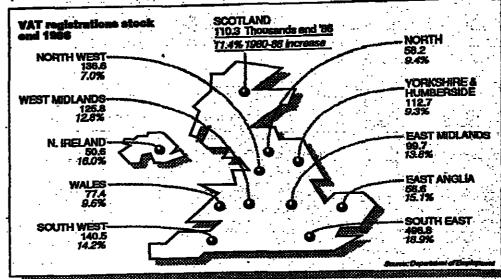
Breaking the news of a proposed move to customers and the existing workforce can be difficult. Most production workers will be unable or unwilling to move several hundred miles. Customers worry whether deliveries will reach them as regularly from a more

remote supplier.
Some companies announce from the start that they plan to move and keep everyone informed. Others opt for elaborate secrecy, establishing their new business before telling any but senior staff of their plans.

If the move is successful, and WINvest for one claims none of the companies it has helped has run into difficulties because of the move, different problems start to emerge. If the business does start to grow once it is freed from the con-

straints of being in the south-east, handling this growth becomes the next challenge. HIDB, Bridge House, 27 Bank Street, Inverness IV1 1QR Tel 0463 234171. Welsh Development Agency/WINvest, Pearl House, Greyfriars Road, Cardiff CF1

Business growth around the UK



The new enterprise culture flourishes more strongly in southern England and in Northern Ireland than in the north of England and in Wales, according to the latest regional VAT registration statistics released by the Department of Employment artment of Employment.

Net registrations of new businesses Net registrations of new Dusinesses — new registrations minus deregistrations — increased by 18.9 per cent in the south-east of England between 1980 and 1986 compared with rises of just 7 per cent in the north-west and 9.6 per cent in Wales. High rates of increase were also recorded in East Anglis, the south-west and East Midlands while Morthern (related showed a rise of 18 mes. them freiand showed a rise of 16 per

The varying rates of growth result partly from the different types of businesses base in the different regions, the department explains. The south-east, for example, has a relatively high proportion of businesses in the fast-growing property, finance and professional sectors.

The VAT figures reflect only a part of new business activity since many new start-ups are not in the early stages liable for VAT, but they are a useful indicator of trends.

The venture capital indicator, as a provider of funds to a small number of new start-ups,

has been concerned about its south-east bias and attempted to achieve a more eve distribution of its activities throughout the country. But these latest figures show enterprise appears to be stubbornly skews towards the south-east.

Nor does a study of the annual increase In registrations show any sign that the legging regions are catching up with the top-performers. New VAT registrations rose, just 0.1 per cent in the north-west in 1986 compared with a 0.3 per cent rise in 1980. in Wales registrations rose 0.4 per cent in 1986 compared with 0.7 per cent in 1980. In the south-east the 1986 rise was 3 per cent, well up on the 1980 increase of 1.7

in brief...

■ A 60-acre business park with 750,000 square feet of office and light industrial space on the north bank of the River Tyne is to be created in Newcastle over the next three years by the Tyne and Wear Development Cor-

The business park has enterprise zone status until 1991 — comprising freedom from rates, 100 per cent capi-tal allowances and simplified

planning procedures.

Contact Tyne and Wear
Development Corporation, Hadrian House, Higham Place, Newcastle upon Tyne NE1 8AF. Tel 091 222 1222,

Yves Fassin has been appointed secretary general of the European Venture Capi-

FREE

RETURN

tal Association (EVCA), the organisation which promotes the interests of venture capi-

the interests of venture capital in Europe.
Fassin, 33, was formerly director of the industrial liaison office at the University of Ghent and has experience in the fields of technology trans-fer and entrepreneurial development which, according to the EVCA, are key areas for the growth of venture capital. He replaces Robert Ceurvorst who held the post for the association's first four years of existence and who is becoming an independent

The new chairman of EVCA (for the next year) is Klaus Nathusius of GENES Venture Services in Cologne. He replaces Michiel de Haan of Atlas Venture of the Nether-

consultant on European

The EVCA has grown from

founded in 1983 to 185 in 21 countries. EVCA, Clos du Parnassi 11F, B-1040 Brussels. Tel (010) 322 640 9223.

■ There is a growing interest in ethnic minority foods and exotic fare is appearing more regularly on supermarket

To meet this demand a one day seminar on setting up a business in the ethnic minor-ity food sector will be held at the Enterprise Training Centre in London on September 28. The morning session, cost-

ing £40.25, is almed at enterprise agencies, banks and local authorities while the afternoon session, costing £4.60, is for aspiring entrepreneurs.

NOTON I

London

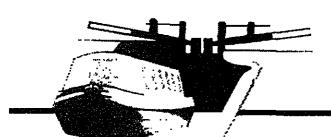
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Contact the centre at 63-67 Newington Causeway, London SE1 6BD. Tel 01-403 0300.

BUSINESS OPPORTUNITIES



SHIP WHARF/ ENGINEERING WORKSHOP

British Waterways are seeking new private sector investment/joint venture for their Caldaire Ship Wharf and adjoining Engineering Workshop.

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Principals only should apply, in writing to Mr Ian Valder, Commercial Director, for a letter of Confidentiality and further information.

British Waterways Board, Melbury House, Molbury Terrace, London NW1 6JX Tel: 01-262 6711



COMANDO GENERAL DE LA ARMADA

URUGUAYAN NAVY AWARDS ADVISORY COMMITTEE

REPUBLIC OF URUGUAY

The Comando General de la Armada of the Republic of Uruguay issues international bid invitation nr 324/88 for the sale of Uruguayan navy vessel "Juan a Lavalleja" (Clarkson tanker register 1987, Nr 3 p. 161). Tender documents pertuinate to this bid may be obtained from the office of the naval attache to the Uruguayan embassy in London, 48 Lennox Gardens, London SW1X ODL, Telephone 01 589 8835/589 8836, upon payment of USD 200 (two hundred US

Bids will be received and opened on October 13, 1988 at 0900 am and 1000 am respectively at the Servicio de Buques auxiliares de la Armqda headquarters, 25 de mayo 450 Esquina Misiones, in the city of Montevideo.

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For more information, please contact David Butler, Roger Taylor, Anne Field or Vera Grant, on (0444) 415411 or(01)623 1020. Or write in confidence to: Union Discount Invoice Financing Limited

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It is anticipated that the successful applicant would wish to purchase a shareholding of up to 50% of the business which would require capital amounts of between 35K - 100K.

This position is for active participation. Location is not of importance although London and East Midlands would be preferred.

Please write in first instance to the Chairman Box F8444, Financial Times, 10 Cannon Street, London EC4P 4BY

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Fabulous listed Devon Longhouse, ¼ mile from the famous village, 6 bedrooms in two wings, 3 receptions, wonderful views, 1½ acres of garden. Additionally, a super Barn with planning for 4 bedroomed residence. Many options for development of whole property. For sale by Auction on 20.9.88. Ring 03642 329 for details - (Fax 03642 340).

WIDECOMBE, DEVON

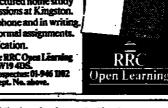
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Reply direct to: David Shingler
Managing Director

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For further information, contact the Joint Administrative Receivers: Sue M. Watson FCA and Jack Lewis FCA, Godwin Warren Control Group, Southgate, Whitefriars, Lewins Mead, Bristol BS1 2NTTel: 0272 277323 Fax: 0272 230026.



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Amounce the following:
It has been determined at a Board Meeting that the Interim Dividend for the year ended 31st March 1989 shall be paid to Shareholders of final second as of 30th September 1988 and that the amount and time of payment thereof shall be decided at a Board Meeting to be held on 17th November 1988 HAMBROS BANK LIMITED 6th September 1988

FIVE ARROWS LIMITED

A DIVIDEND has been Declared of 108p per share payable to the holders of Ordinary Stances registered on 30th September, 1988 and to beldens of Coupon No 118 statched to Ordinary Share Warranis to Bearer. The dividend wife be peld on 3rd October, 1988. Coupohs must be lodged with Securities Department, Hill Samuel & Co Limited, 45 Booch Street, London SC2P 2LX, where lesling forms can be obtained.

By Order of the Soard of Directors C-Wong.

THE LEGAL PROFESSION

The Financial Times proposes to publish this survey on: Thursday, 20th October 1988

For a full editorial synopsis and advertisement details, please contact:

Wendy Alexander on 91-248 8000 ext 3526 or 01-248 5122

or write to her at: Bracken House

10 Cannon Street London FYAP ARY

FINANCIAL TIMES

FINANCIAL TIMES TUESDAY SEPTEMBER 6 1988

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All interests will be treated in the strictest confidence.

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Mark Co. Com.

Write Box F8436, Financial Times, 10 Camon Street, London EC4P 4BY

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WANTED We are a fully listed medium sized public company which has diversified into the above areas in recent years. We are now looking to expand those activities by the acquisition of private, well managed companies with a good profit record which is currently between £150k and £750k. If this profile fits your company and you want to continue managing it and share in its continued expansion, then contact us in confidence

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Consideration for the purchase of any acquisition can be based on cash or equity or a suitable mix Write Box £3367, Financial Times, 10 Cannon Street, London EC4P 4BY

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The Financial Times

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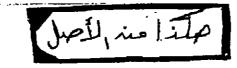
on 01-248 8000 ext 3740

Jacqueline Keegan

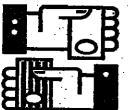
or write to her at:

Bracken House, 10 Cannon Street London EC4P 4BY

FINANCIAL TIMES



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M. William

The US drought has meant an increase in commodity fund participation; sugar and rubber have had

a strong year, too. International agreements have been less successful, however: coffee and cocoa prices have continued to

A thirst for speculation

slide, writes David Blackwell

THE PAST year has seen the world of commodity markets

change dramatically. The most positive cause has been the drought in the US -bad news for farmers, but good news to the Chicago markets, which soared as the prospects of a disastrous harvest loomed ever larger. The surge in prices drew in speculative money which had been looking for somewhere to go since the stock market crash in October

In the period from January to July, the Chicago Board of Trade's agricultural futures volume soared when compared with the same period in the previous year. The soyabeans contracts were the most volatile, and increased in volume by 79 per cent. But wheat contracts traded 70 per cent more, and corn (maize) 42 per cent, while US Treasury Bond futures - the market leader - were only 12 per cent up.

Speculative money spilled over from Chicago to New York, causing unexpected surges in the cocoa and coffee markets, and fuelling the rise in sugar prices, which touched seven-year highs in July.

An immense amount of money has switched away from the metals and financial mar-kets," according to Mr Richard Feltes, director of research at Refco, in Chicago. "An

indicates an enormous increase in commodity fund participa-

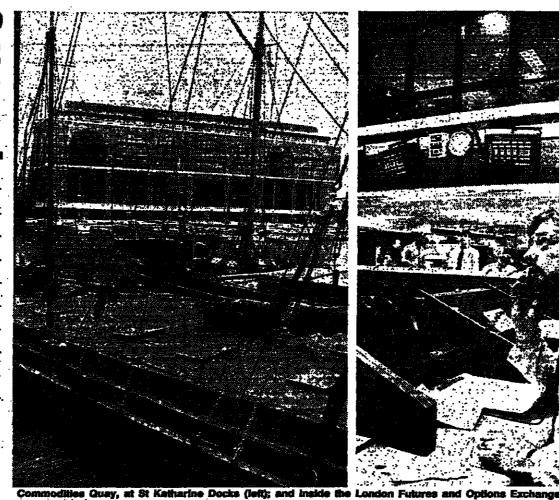
On the negative side, how-ever, has been the failure of both the coffee and cocoa commodity agreements to halt the slide in world prices in the face

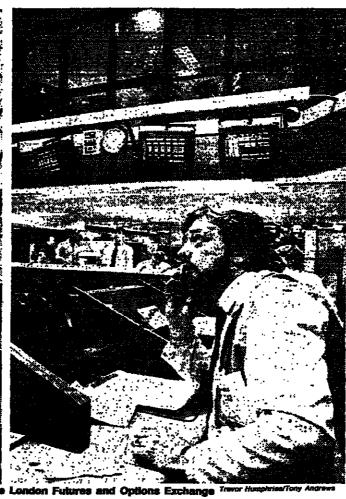
The International Cocoa Organisation (ICCO) is meeting this week in London with only a gloomy prospect ahead of it. Demand for cocoa is growing steadily, but not enough to soak up the rapid increase in world production. Prices this year have touched historic

The organisation has tried to hold prices up through a buffer stock system, but the buffer stock reached the maximum level of 250,000 tonnes last February - and still prices fell. It has been buffeted by internal wrangling, with consumers and producers seemingly far apart. Its finances are not in good shape - the Ivory Coast, the world's biggest producer, owes the buffer stock more

and Indonesian producers, whose increasing output is contributing substantially to the world cocoa glut, have consistently declined to join the

The International Coffee





Organisation (ICO) has tried to support prices by means of an export quota system, which has also proved unsuccessful.
It has gradually reduced the total world export quota over the past 12 months but, because of the original allocation of quotas, this has created a shortage of the top quality arabica coffees which consumers want to buy, while leaving too much robusta coffee on the market. A wide price differen-tial has emerged between ara-bicas and robustas.

At the organisation's meeting later this month, delegates will not be faced with quite as gloomy a prospect as the cocoa organisation. Nonetheless its problems are formidable, and time is pressing, for the agree-ment expires in September than \$40m. In addition, the Malaysian

The US, the world's biggest consumer, is still undecided whether it will be party to the next agreement — and the European Community is push-ing für substantial reforms to ICCO. the rules. Meanwhile, producers-are stonewalling any ideas-

The International Natural Rubber Organisation's com-modity agreement has proved the most successful in operation - but largely because the fundamental factors in the market have changed.

Prices have reached eight-

year highs as demand for rubber has risen strongly, driven by increased use of condoms and rubber gloves following the spread of Aids; a rise in tyre production; and increased demand from the Far Foot mand from the Far East.

Like cocoa, the organisation runs a buffer stock operation, but it is now selling off the stock in a move to keep prices down as demand outstrips supply. The buffer stock, which stood at 370,000 tonnes at the beginning of this year, is expected to be fully sold off by the end of December.

The International Sugar Agreement, which was due to come into force on January 1, was finally ratified at the end of March after several delays

- but it provides for no market stabilisation measures and is seen by the market as irrelevant. However, sugar has had one of its best years for a long time, with prices more than doubling in the past 12 months. Traders are delighted. "After standing on the sidelines for

nine or 10 years, sugar is one of the most interesting commodities around," says one.

It has not been a market for the faint-hearted, one analyst observed as the market retreated from the seven-year highs set in July, when the London Daily Price for raws hit \$385 a tonne as speculative money poured into the boom-ing New York market. Prices have come down by

about a third since then, but nevertheless have been firmly underpinned by two main fundamental factors: demand is outstripping supply, and the Far East take-off, particularly by China, has increased sub-

World stocks have fallen for the past three years, and the stocks-to-consumption ratio is now at its lowest since the beginning of the decade.

The rise in sugar prices amid continuing volatility has been good news for the London Futures and Options Exchange (Fox) which has seen volume in sugar futures soar in the past year. Raw sugar futures contract volume rose by 74 per cent in the January-July period this year to 817,684 contracts.

The exchange also has a new weapon in its armoury: the white sugar contract, run on an automated trading system. The contract was launched in July last year in a move to attract business back from Paris, which was taking 70 per cent of its white sugar futures trade from London.

Interestingly, the new con-tract seems to have expanded the market, although Paris has suffered to some extent. In its first year the Fox contract traded 378,000 lots, compared with 402,000 in Paris, which traded 509,000 lots the year

A Royal visit for Fox

THE FIRST forward contract to be cleared in London - for white sugar - was processed in 1888 by the London Produce Clearing House, Today that company is known as the International Commodities Clearing House (ICCH), which developed the automated trading system used for London Fox's latest white sugar contract, launched in

July last year. On Thursday, the Princess Royal, in her capacity as president of The Save the Children Fund, will visit the London Fox celebrations of 100 years of sugar trading at Commodity Quay, St Katharine Docks. She will be presented with a warrant for at least 100 tonnes of sugar for Save the Children.

Clearing futures contracts is now a highly computerised business, and ICCH has become the clearer for nearly all London's futures contracts. including those traded on the London International **Financial Futures Exch** and the London Metal Exchange. It also clears and guarantees contracts for exchanges in Paris, Sydney, Melbourne, Hong Kong, and New Zealand.

London is still overshadowed by the New York Coffee, Sugar and Cocoa Exchange, which has a very successful raws contract and about 73 per cent of the world sugar futures trade, compared with London's 20 per cent, and Paris taking the

However, the launch of the ATS contract has helped Lon-don to re-emerge in the past year as the centre of the physi-cal trade, according to Mr Jonathan Payne, of London broker Czarnikow and chairman of the Fox sugar futures commit-

Over the past five years the US has reduced its sugar import quota from 5m tonnes to about 1m tonnes, reducing the trading opportunities

The success of the ATS system, developed by London's International Commodities Clearing House, has given the exchange the opportunity to consider more new contracts including an arbitrage contract for white and raw sugar. Contracts in rubber and arabica coffee are also being consid-

London Fox, formerly the London Commodity Exchange, has become much more conscious of the necessity to marscious of the necessity to mar-ket itself since moving to its new headquarters at Commod-ity Quay, St Katharine's Dock, in May last year. The change of name, which soon followed, raised a few conservative eye-brows, but traders now seem to

have accepted it. Many other changes also followed the move - including the introduction of options on cocoa, coffee and sugar. Mr Con Lenan, marketing director, sees this as the most exciting

area for growth.
"The old contracts have 100
per cent penetration," he says. "In the world of options, we're starting with a baby, and it has enormous potential." He points out that, in New York, sugar cent of the futures volume.

One options trader estimates that London would be doing well if options volume were to reach 10 per cent of the underlying futures volume. "There is much more room for expansion," he says.

The exchange has also intro-duced "locals", who trade on their own account. It aims to have sold all 50 available seats at £10,000 apiece by the end of this year.

In addition to all these changes, the exchange has had to accommodate the UK Financial Services Act, the impact of which is still being assessed. While the exchange welcomes the legislation, it has been sur-prised by the expense involved.

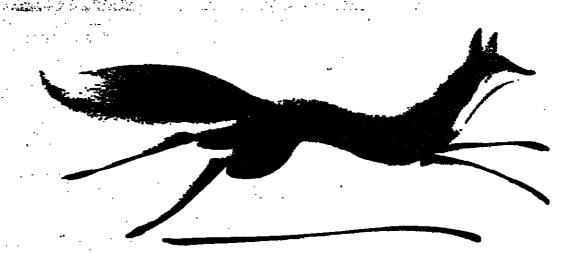
The costs of compliance with the new legislation have been the main concern throughout the London commodities world, and have actually led to the formation of a new exchange – the Baltic Futures Exchange (BFE).

The BFE was launched in December last year, combining five small markets in order to avoid duplicating the regulatory and administrative costs involved in becoming a Recognised Investment Exchange. It consists of London's potato, meat, soyameal, grains and freight futures exchanges.

Worries about the cost also sparked the formation of a Commodity Traders Group, which is pressing the Associa-tion of Futures Brokers and Dealers (AFBD) for reforms to lessen both the expense and the complexities of complying with the law.

Meanwhile, analysts are fairly optimistic about commodity markets in general. Mr Paul Lennie, of Prudential Bache, sees a continuing bull market if fears of inflation persist in the US.

Mr Richard Feltes of Refco agrees. "The volume of trading in the agricultural markets will settle at a higher level than it has been for the last



LONDON FOX

The Futures & Options Exchange

LONDON FOX is the contract authority for trading in Cocoa, Robusta Coffee, Raw and White Sugar Futures and Traded Options markets.

For further information contact:

Marketing Department LONDON FOX, 1 Commodity Quay, St Katharine Docks, London El 9AX Telephone: 01-481 2080

LONDON FOX is a Recognised Investment Exchange

WHEN THE London Futures and Options Exchange (Fox) launched its traded options market in July last year, hopes were high that it would help revive the flagging fortunes of the exchange. Apart from business in the options themselves, options-related trading in the underlying futures contracts

was seen to offer the prospect of a useful boost to turnove So far, it must be admitted. the market has not been a roaring success. But it is far from a total failure. It would be difficult to describe the levels of business in coffee and cocoa options - running respectively at 0.7 and 1.7 per cent of futures turnover — as other than disappointing. But both markets have been in the dol-drums, and it would be unfair to judge their options prospects on the experience of the

past 14 months. The sugar market, on the other hand, has shown that soft commodity options can succeed in London - if the market conditions are right. Not even the most ardent fan of options would claim that the new market had much to do with the surge in raw sugar trading volume - up 74.1 per cent in the first seven months of this year, compared with the same period last year. But, with a turnover equal to 4.6 per cent of futures volume, it has at least demonstrated its ability to feed off an active and volatile market

Volatility is the key word here, for, without it, options trading holds little attraction. An option gives the holder but not the obligation - to trade at a predeter-

THIS HAS been a year to remember for the London Futures and Options Exchange (Fox) sugar market.

Surging raw sugar trading has been the major factor in an upturn in the Fox's fortune's; highly volatile prices have provided a healthy environment for the exchange's newly-launched traded options market (which might otherwise have proved something of a damp squib); and the 14month-old, screen-based white sugar market has weighed in with a useful contribution to overall turnove

A year ago there was little sign that the sugar market was set to become the rising star of Commodity Quay. At that time the best that could have been said of it was that it was ove the worst. Although it had recovered from the lows of mid-1985, its price of around \$150 a tonne was still pretty depressed in historic terms, and the level of trading was still lagging well behind that of cocoa. which was itself hardly setting the world alight.

Then, however, things began to change. China began to increase its buying, covering a shortfall in its own droughtdamaged crop; and it was con-firmed that India's production had suffered badly through the failure of the monsoon. These factors confirmed that a gradual drawdown from world stocks over the preceding few years was set to continue as rising production failed to keep pace with a steady advance in

By the end of the year the world sugar price had gained about \$100. That level was pared back somewhat in the early months of this year, but then, with the Options have made a slow start on London Fox

Pointers from sugar

mined price within a set time limit. A "call" option allows him to buy, and a "put" allows him to sell. For this privilege he pays a premium which will reflect the time span of the option and the degree of vola-tility in the underlying futures The attraction is the limited risk. Once he has paid his pre-

mium, the investor has noth-ing more to fear. If his instinct proves correct, he can operate his option and cash in his profit by selling or buying on the futures market. But if the market moves against him, he knows he can lose no more than the premium he has than the premium he has already paid - and will not have to pay out more in "mar-gin calls" to stay in the game. The disadvantage is the cost of the premium. This is bound to reduce, though not to limit, any eventual profit, because it is a one-off, non-returnable payment. And it means that options investor always enters the market with a loss showing on his book. He does not begin to show a profit until the futures price has moved in the appropriate direction by more than the cost of the premium. Hence the crucial importance

of volatility. Commodity options have been traded in London for many years, but until 1987 these were so-called over-the-counter options, effec-

kZ

spring, came the US drought.

With US sugar beet production suffering quite badly, this was

a direct fundamental factor.

But it proved also to be a potent sentimental factor as the frenzied activity in Chi-

cago's soyabean and grain mar-kets spilled over into sugar-

markets on both sides of the

It is possible that sugar bene-

fited from the depressed state

of the cocoa and coffee mar-

kets, which, in happier times, might have been expected to

garner their share of the spill-

over business. But, as it was, sugar had the field pretty much to itself, and for a while the market was interested only

in bullish news, preferably

A case in point was the dra-matic rise triggered near the

end of June by reports that US

drought-related.

Raw sugar

London daily price

Aug '87

Atlantic.

400

250

tively direct contracts between granters and buyers. The only choices available to the buyer were to operate, or "declare", the option - if it was "in the money" - or - if it was not to allow it to lanse With the advent of the

traded options market, how-ever, it became possible to buy and sell the options themselves. Their value consists of two elements. The difference between the strike price and the ruling market price consti-tutes an intrinsic value (which can of course be negative); and they also have a time value, representing the length of the period still to run to the final leclaration date. The longer the unclapsed period, the greater the time value will be. The market can be used as the basis for a whole array of

trading strategies with varying degrees of sophistication. For example, physical traders have bought Thai sugar at above the ruling market price and been granted, in return for that memirum continues to the continues of the continues o that premium, options to buy similar amounts at a future date at a similar price. They have then written equivalent options for trading on the London market, secure in the knowledge that declarations could be covered by declaring their own options with the

Speculators holding profitable long positions on the

SUGAR.

A year of volatility

White sugar

320

280

240

200

160

Aug '88

London second position

Aug '87

soft drinks companies were

planning to switch some pro-

duction back to sugar from high fructose corn syrups,

because of the soaring price of corn (maize) on the Chicago

market. The reports were denied within hours by the

companies in question, but not before they had driven up nearby positions on the Lon-

don raw sugar futures market by nearly \$40 a tonne. The bulls were not to be

denied, however, and they soon found other reasons to drive

the price higher. The bubble

did not burst until after the London daily raw sugar price reached a seven-year peak of \$393 on July 20. Since then it has fallen more than \$100, but

is still around double the level

it was a year ago.
The impact of all this on the

level of trading is plain to see.

Aug '88

animals at the moment in cocoa and coffee, but quite common in the thriving sugar market – have increasingly been using the options market to seek extra profits. If they feel the bull move has peaked they can, instead of cashing in their profits, keep their futures positions and write call options against them. If the market rises further and the options are declared, any loss covered by extra profits on the existing futures holding. But if the market levels off as expected and the options are aban-The London Fox remains doned, then the premium

Conversely, the speculator holding an "in the money" option is able to trade against it on the futures market. Instead of declaring the option and selling or buying on the futures market at a profit, he simply sells or buys the futures

— leaving the option in place.
His profit is locked in, because he can declare the option whenever he wishes. But he now has the possibility of reap-ing a richer reward if a substantial market reversal allows him to cover his futures trade at a more profitable rate than that offered by declaring the option. And if he is lucky, another turn in the market could still put his option back

The total number of 50-tonne

raw sugar lots traded on the

Fox in the January-July period

this year was up 74.1 per cent from the 1987 level at 817,684.

That took the market ahead of

cocoa, traditionally the most

heavily traded of London's soft

commodities, which managed only 743,650 lots of 10 tonnes.

In value terms, however, cocoa just held on to its lead.

story. Raw sugar traded

options, launched on July 20

last year, traded 37,335 lots in

the same period, compared with 12,145 lots for coffee and

only 1,549 lots for cocoa; and the white sugar futures mar-

ket, launched on July 27, 1987,

traded a highly respectable 218,671 lots. Between them, the

three sugar markets accounted

for 45 per cent of the Fox's

January-July turnover and

nearly three-quarters of its 52

per cent volume growth.

The success of the white

sugar market has been particu-

larly sweet for the Fox, which had previously (when it was still called the London Com-

modities Exchange) tried and failed to challenge the domi-

THE INTERNATIONAL Coffee

Organisation faces an uphill task to save the agreement

when delegates gather in Lon-don on Monday week for the annual meeting of the full

This is in sharp contrast to last year's meeting, when dele-gates from the 74 member

countries reached agreement for the immediate resumption

of coffee export quotas, which had been suspended since Feb-

at the time as "extremely tough", ended with the world

export quota being set at 58m hags of 60 kg each to defend a

price range of between 120 and 140 cents a pound. But even then some market

observers were saying that

both the quota and the price defence levels were too high.

They were soon proved right.
The agreement had made

the agreement had made provision for quotas to be cut if the ICO trigger price - a 15-day moving average of robusta and arabica coffees - did not rise fast enough from the 104.17 cents a lb level ruling at the time. Only two days after

the time. Only two days after the quota deal was struck, the first cut of 1.5m bags from the total quota was enforced.

The coffee market continued

weak, however, and by December delegates were meeting to

"fine tune" the agreement, limiting the number of quota cuts

that-could-be made to two in any one quarter. At the end of

the year, the indicator price average stood at 115.01 cents a lb, just one-hundredth of a cent

above the new level which would trigger a second cut.

biggest producer - and Colombia and Mexico, fearing a fur-

ther fall in prices, urged the

ICO to make a quota cut "in

the spirit of interpretation of

the text of the agreement." That request was denied, but

the first quota cut of this calendar year soon followed. By then dealers in London

were complaining that the market always seemed to be

waiting for an ICO meeting or a fresh quota cut to spark trad-

As the year wore on, two

important issues emerged

which followed directly from

the original distribution of

quotas and the subsequent

cuts. First, the premium for

top quality arabica coffees over

ing interest.

Brazil - by far the world's

The negotiations, described

ruary 1986.

nance of Paris in this sector.

But that is not the whole

in the money.

received represents clear

Another way of using the traded options market is to buy or sell the "spread". An investor might buy a sugar "call" at a strike price of, say, \$260 a tonne and simultaneously sell one at \$360. His potential gross profit is limited to \$100 a tonne (if the price moves substantially beyond \$360), but cost of the premium on his \$260 option is offset to some extent by the (obviously smaller) premium received from the sale of the \$360 option. As techniques like these become more widely understood, traded options are likely to become an important part of the London commodities scene. In the sugar market that is already happening, but the more conservative cocoa and coffee traders may need more convincing - not to men-tion livelier markets.

firmly committed to traded options, and is doing all it can to encourage greater participa-tion in the market. It is stepping up its promotional and educational efforts, and plans to introduce special low-cost membership of the options floor for brokers undertaking the market-making function.

The performance of Fox options so far appears to have impressed the board of the Baltic Futures Exchange, sufficiently, at any rate, to encourage it to press ahead with the launch of its own EC wheat and barley traded options mar-kets at the beginning of this month. These markets are far from being bywords for volatility, so premiums are likely to remain pretty narrow.

Richard Mooney

The market is operated on an automated trading system with nine members using 11 screens (C.Czarnikow and E.D.& F.Man have two screens each). According Mr John Payne, of Czarnikow, the Fox futures committee chairman, every member has made money because of the "enormous" savings on hedging through not using Paris. In fact, the Paris white sugar bourse has been forced to reduce its notoriously expensive trading charges in order to compete with London.

Encouraged by the success of automated trading in white sugar, the Fox is considering the possibility of its use for other futures contracts, includ-ing rubber and arabica coffee. One definite plan, which should be in operation well before the end of this year, is for an arbitrage contract between raw and white sugar. "The advent of automatic trading allows us to look at new contract opportunities,

commented Mr Con Lenan, Fox's marketing director. "The cost of launching a contract in an open outcry system represents a major investment, especially in manpower, and a major risk . . . But the cost of an ATS screen is in the order of £15,000 to £16,000 a year, and a firm can trade in its back

The gloom deepens

Organisation (ICCO) is wrestling this week with problems which outweigh even those of the International Coffee Organ-

Delegates to the ICCO annual meeting in London will have to face up to the fact that the buffer stock policy for supporting cocoa prices has simply not worked in the face of a continuing oversupply to the world market. In addition, they have to tackle the intermediae wrangling over rules which has bedevilled the agreement. Gill & Duffus, the influential

London trading house, in June estimated the surplus of supply over demand for the 1987-88 crop at 111,000 toppes, with the net world crop at 2.09m tonnes, an increase of 129,000 tormes or 6.6 per cent over the previous year. This would result in world stocks at the end of this month standing at 705,000 tonnes, equivalent to just over four months' grindings at cur-

All the prospects point to a fifth consecutive surplus in 1988-89. Cocoa consumption is rising at about 3 per cent a year, but that is nowhere near enough to make a significant

enough to make a significant dent in supplies. Given these levels of over-production and the fact that the ICCO buffer stock manager already holds the maximum of 250,000 tonnes allowed under the agreement, it is not surprising that prices have fallen to the lowest level for many

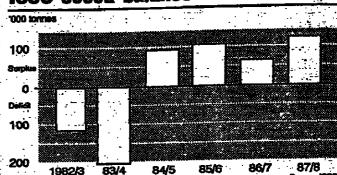
The Ivory Coast, the world's biggest producer, has been withholding its cocoa from the market because of the low prices, and is believed to have a stockpile of at least 150,000 tonnes in Abidian. Paradoxi-cally, this has resulted in tight supplies of the top quality West African beans beloved by Western confectionery manufacturers.

The Ivory Coast has not paid a penny in levies to the buffer stock fund, and now owes more than \$40m. This could lead to problems for the buffer stock manager, who is under obligation to maintain the quality of his stocks (by rotation an so on), but is not allowed to bor-

row money. He inherited a 100,000-tonne holding from the 1980 cocoa agreement, and has not had a happy time since the ICCO's producer and consumer countries agreed in March 1987 on rules which allowed him to start purchasing under the 1986 agreement.

The price which he was defending was set under the agreement at 1,600 Special Drawing Rights (SDRs) a tonne. On the London Futures and Options Exchange (Fox) the second position futures contract was at £1,290 a tonne, Richard Mooney

Towards the end of June last year the buffer stock manager had purchased 75,000 townes of ICCO cocoa balance



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Crop years

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cocos, and the 10-day indicator price was around 1,536 SDRs a tonne. The rules obliged the ICCO to hold a special council meeting to discuss a new price level to be defended. But, by the time the delegates met, the price had unexpectedly rallied above 1,600 SDRs, and the meeting ended indecisively, with buffer stock buying indefinitely suspended.

Prices soon resumed their decline, however. The ICCO tried to reach agreement in September with an equal lack of success, and again in December, when prices were at five-year lows. Still no agree-ment was reached and prices dived in both New York and

The ICCO indicator price stood at 1,434 SDRs, and arguments over the 1,600 SDR level were becoming academic.

Analysts were beginning to doubt that any further pur-chases for the buffer stock would have any effect on the market, and were correctly predicting that the price in London would soon drift below £1.000 a tompe.

In addition, the issue of nonpayment of levies by the Ivory Coast and Brazil was beginning to surface.

At the fourth attempt in Jan-ICCO delegates finally managed - after a marathon negotiating session ending in the early hours of the morning to agree on measures which would allow buffer stock buying to resume, defending a level of 1,485 SDRs a tonne. But

futures review: "It must be

admitted that the agreement this year has been a fallure in the sense that the trigger price has remained, for the most part, below 120 cents a lb, and thus outside the range to be defended."

defended."

In addition to facing up to low prices, the producing coun-

tries will also have to grasp the nettle of continuing overpro-duction, particularly of robusta

Cable: 'AUMCO' PENANG

the deal was given only a tepid

In the following weeks the buffer stock manager bought cocoa in dribs and drabs. His new purchases reached 75,000 tonnes, taking the stockpile to the 250,000-tonne limit, at the end of February - but prices continued to fall.

Amid deepening gloom, delegates gathered in London for the ICCO mid-session Council. They approved in principle a scheme to withhold 120,000 tonnes of cocoa from the market by storing it in the countries of origin, but the wrangle over price levels to be defended proved insoluble.

Delegates did agree to set up an arbitration panel on the row over defence prices, which revolves around a disagreement between consumers, who have argued that automatic cuts provided for in the agree-ment should have been implemented, and producers, who have refused to accept a fur-

The panel met in June, but details of its findings have been kept secret until the cursion of the council.

To add to the buffer stock manager's woes, twice in recent months traders with forward contracts to deliver cocoa to him have defaulted, and he has had to return to the mar ket to top up his stocks. Froni-cally, this position has arisen because of the Ivory Coast's unilateral decision to withhold its cocoa from the market.

Confectionery manufacturers have been turning to Malaysian cocoa, which is about £150 a tonne cheaper than West African, but requires more pro-

Earlier this year, the ICCO sent a delegation to both Malaysia and Indonesia to try to entice them into membership. They have consistently refused uary, when the indicator price to join, and it is difficult to see was 1,420 SDRs a tonne, the possibly bring them in the cur rent state of the agreement. Meanwhile, last month the **Kuala Lumpur Commodity** Exchange cheekily launched

its fifth commodity contract -

coffee. Next year's Brazilian

David Blackwell

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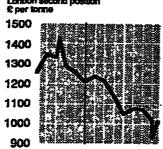
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COFFEE

Agreement at risk

Coffee



Aug '87 Aug '88

Coffee indicator prices

1.2 Oct '87 .. ປະກ 88

the hardier, but less favoured robustas began to widen significantly. Second, consumer countries

stional Collee Organisat

became convinced that some producers were selling coffee to non-member countries at substantially lower prices than members were paying.
The ICO rules clearly forbid.

producers to sell the same type of beans more cheaply to non-members, and no one has officially been found to be cheating so far. But, as one London analyst points out, there is nothing against barter trading. The two-tier market has particularly upset the US. It continued to question evidence produced by Mexico at an ICO investigation which in March cleared the Mexicans of selling a large quantity of coffee to

Eastern bloc countries at low

it may not participate in this month's talks. Other consumer countries

One consumer delegate said later that Colombia was as a rule standing in the shadow of Brazil at ICO talks, but it hadrecognised that a big shift was needed towards arabicas, put-ting it on a potential collision course with Brazil.

Indeed, on the day that the final quota cut (of 1.5m bags to 51.5m bags) was made, coffee prices plummetted in New York Speculators where the the two countries.

The Colombian and Brazilian delegates, who were in London

rumours," said Mr Lindenberg Sette, of Brazil. Nevertheless, the Technical

increasingly gloomy view of the coming September Council meeting.

The mood of restrained optimism which prevailed when

crop has been estimated to be as high as 45m bags compared to this year's harvest of just over 20m bags. World con-sumption is static, and has shown no sign of responding to low prices.
Consumers are not prepared October has turned into pessi-mism. As London broker E.D. and F.Man put it in its summer

in cocoa.

to compromise this time. The US and the EC – the two biggest consumer members — have already said they will not opt for an extension of the cur-

opt for an extension of the current agreement when it expires in September 1989.

"I suspect no bullets will be bitten this September," says one consumer delegate. "But time is running out. The ICO has no alternative but to agree substantially on the shape of a new agreement by early 1989."

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The US is so disillusioned with the coffee agreement that

share the US concern over the premium of arabica coffees over robustas, and are pushing hard for reforms to the quota system. And a significant factor emerged when the last quota cut of the coffee year was announced in July - Colombia, an arabica producer, urged a selective cut to take more of the low-priced robustas from the market.

At the time the ICO indicator price for arabicas was 142.62 cents a pound, compared with the robusta indicator of 85.21 cents a pound.

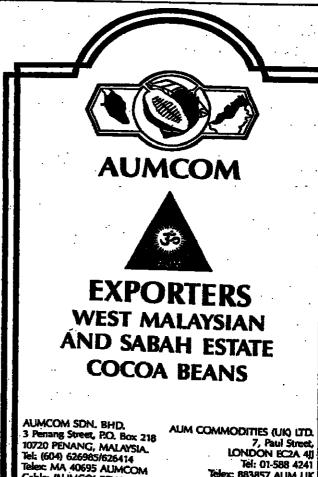
prices plummetted in New York Speculators, whose interest in the market had increased in early June on a minor frost in Brazil, baled out on rumours that the ICO agreement was in danger of collapse after disagreements between

for a meeting of the ICO's Technical Preparatory Group, appeared together to deny that they were leaving, or threaten-

ing to leave the ICO.

If it were not so serious it would be childish for the market to fall on such unfounded

Preparatory Group's talks on the future of the coffee agree-ment came to nothing, and the market began to take an





Tyres and AIDS assist the rebound

climbed to the highest level for

Prices have fallen from the June peak but, with demand remaining strong, growers still feel sufficiently encouraged to continue the application of chemical stimulants, tapping on Sundays and delaying replacement of old trees to squeeze out every pound of

Rubber has become more profitable than oil palm and cocoa - traditionally, these two crops are more profitable. Five years ago, we thought rubber was a sunset industry, part of But now I meet many planters pile.

who regret having chopped Som their rubber trees," says showin Dr Lim Keng Yaik, the Malayster Minister of Primers Indus. sian Minister of Primary Indus-

try.
Three factors have contributed to the rebound of this versatile commodity. First, a strong pick-up in the use of natural rubber to make tyres. first breached back in May. Tyre production last year was The buffer stock, now estiup 7.3 per cent in the US, 7.8 mated at less than 70,000 per cent in the UK, 9.2 per cent tonnes, is expected to be in France, 10 per cent in West exhaused Germany and 8.7 per cent in year.

given a tremendous boost to sumer countries, is now sales of examination gloves regarded as the most successand condoms. This has led to a ful of the existing commodity scramble for latex concentrate, which has resulted in generally tight supply of all rubber

Finally, the Far Eastern countries of Japan, South Korea, China and Taiwan have become major buvers of rubber

rubber planters in south-east impressive economic growth Asia this year as the market rates China's own rubber production fell sharply last year because of bad weather.

The rubber price surge would have been even more would have been even more steep had it not been for the massive sales from the Kuala Lumpur-based International Natural Rubber Organisation. When the Inro five-day moving average (regarded as the average rubber price) breached the "may sell" level of 242 Malaysian Singapore cents a kilosian-Singapore cents a kilo-gramme last September, it was thought to be an excellent opportunity for the buffer stock manager to get rid of part of his 370,000 topne stock-

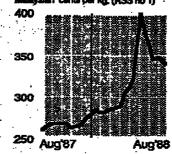
showing signs of deterioration after being kept in warehouses for as long as five years.

But since then he has hardly stoped selling, and the price is still hovering around the inro upper indicative celling level of 270 cents, which was

The rubber agreement, cov-Second, the AIDS crisis has ering 32 producer and conagreements, having operated at the lower end, when the buffer stock has to buy from the market, as well as the upper end, when he has to sell. The second agreement is due to start early next year. The International Rubber

exhausted by the end of the

Rubber Melaysian cents per kg. (RSS no 1)



Study Group has forecast that world natural rubber demand will exceed supply by 140,000 tonnes this year and 125,000 tonnes in 1989. Output is proj-

The rubber agreement is now regarded as the most successful of the existing commodity agreements

ected at 4.79m tonnes this year and 4.96m tonnes in 1989. Last year's production was 4.7m

Of all the rubber grades latex concentrate has had the most spectacular year, with prices reaching an all-time

high of more than 10 ringgit a kilogramme in May. Latex concentrate is specially-prepared latex, with at least twice that of latex in its ordi-

nery state. The frenetic demand for latex concentrate is particu-larly good news for Malaysia. The country accounts for a third of the world's supply of natural rubber, but 80 per cent of the available latex concen-

The availability of this grade of rubber in Malaysia has led to scores of investors queuing up at the Trade and Industry Ministry for licences to start glove and condom factories. The Ministry recently announced tighter control of these factories, "to ensure that their products are up to international standards to protect the image of Malaysia," Mr Rafidah Aziz, the Trade Minis-

The world demand for examation and surgical gloves is estimated at 12bn pairs a year and growing rapidly.

The long-term aim of natural rubber producers is to increase their market share of the world's elastomer market. Over the past decade, natural rubber has slowly but steadily carved a bigger share of the market compared with synthetic, largely because of the switch to radial tyres, although the world consumption of synthetic is still double that for natural rubber.

Malaysian officials are confident natural rubber can take up 40 per cent of the elastomer market by the year 2000. This

can be done through improving its price competitiveness development of special natural rubber for specific applica-tions, and improving the mar-

Many Malaysian estates are producing more than 2,000kg of rubber per hectare, more than twice the world average. It is now commercially possible to harvest rubber four years after planting, compared with seven years in the past, and yields can be as high as 3,000 kg per hectare.
Increasing the yield is vital

keting structure.

for Malaysia as its labour costs are high compared with its neighbours, and it faces a labour shortage on its estates as well.

South-east Asia accounts for more than 75 per cent of the world's natural rubber production. Malaysian production has risen only marginally over the past decade, because of the switch from rubber to oil palm. Its output last year was 1.58m tonnes. Indonesian production last year was 1.18m tonnes and Thailand's was an impressive

845,000 tonnes. Both these countries have considerable potential for expansion. The Thais want to be the biggest natural rubber producer by the turn of the century.

It can also be expected that the Indo-Chinese countries will give priority to rehabilitating their rubber plantations once they have sorted out their political problems. At the moment, they are not significant producers.

Wong Sulong

Chicago: the drought has stimulated volumes

Soya stocks drop

THE WORST US drought in history has sealed the turn-around in the agricultural futures complex at the Chicago Board of Trade, where traders had sat out the last three years of government surplus and pre-

Many of the vounger traders had drifted off to try their hand in the excitement of the pre-crash financial futures markets. But the desertion of the humble grains has now been reversed as financial traders and speculators are enticed by the frantic swell of activity. The rush into agriculturals turned around a three-year downtrend towards the end of last year, when CBOT grains volume began to rise as the US

started to shake off its huge grain surpluses with an aggressive export policy. Since then, stocks have fallen to some of their lowest levels since the 1970s, and the drought has pushed of contracts traded to

The surge in volume has been accompanied by soaring prices, which have touched their highest levels in 15 years, but have remained hyper-so tive to any change in the weather, however brief. The early onset of the drought took traders by sur-

prise, and grain futures con-tracts surged to their upper daily price limits within minutes of the opening bell for many days in a row. Little trading could take place for long stretches in June, when the grains remained locked at their upper limits, waiting for a sell order to move them the other way. This prompted the exchange to introduce flexible price limits to free up the con-

tracts for trading. However, with prices almost their levels of last year, traders became jittery and sensitive to any hint of stormier weather

Soyabeans have been the price leader for much of the year as stocks have tightened amid strong demand. However, beans, which are used primarily in cattle feed as well as for making salad oil and margarine, are fairly hardy and can withstand long periods of dry weather. The crucial phase for the plant is mid-August, when it forms bean pods, which shrivel up in hot, dry weather.

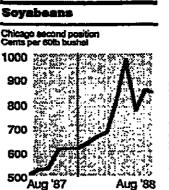
The US Department of Agriculture has estimated that soyabean output will fall 23 per cent this year to 1.47bn bushels, from last year's 1.9hn bush-els. But many private analysts say damage could be even more widespread, resulting in a crop of 13bm bushels. The decline in the soyabean

crop will make beans the most important crop in short supply | CO next year. With stocks at 280m bushels, US soyabean supply is expected to be the lowest in 12 years and carry-over stocks projected for next September are extremely tight at 100m bushels.

The tight soyabean situation pushed futures prices above \$11 per bushel in late June and traders were confident they were climbing to pass \$12.90 a bushel — the all-time high touched briefly in 1973. But the prospect of some rain in the Midwest triggered sharp plunges in price as the market seized on any chance of the

crop's recovery.

This has led to a volatile, sensitive soyabean futures



market, where market sentiment is quickly exaggerated by the huge amounts of speculative money that has rushed into the grain pits this summer. Many pension funds -disenchanted with financial futures in the wake of the stock market crash - have poured their money into the

agricultural markets.
While strength continues in soyabeans, prices are still above the \$8-a-bushel mark, most traders do not expect them to surpass their early summer highs. The weather has dominated trading for most of the year, but market players are now focusing on demand in advance of the autumn harvest. The higher prices - a third above their levels this time last year could prompt users to cut down their needs or substitute other feedstuffs for cattle.

Substitution, however, will be expensive, because this year's US maize crop - also widely used as cattle feed has been even more badly hit by the drought. The USDA forecasts a 37 per cent plunge in maize production, to 4.48bu bushels from over 7bn bushels grown last year. The effects of

the decline, however, will be cushioned by the 1.5bn bushels in storage - much of which farmers themselves are hang-

Maize prices looked like approaching their \$4-a-bushel historical high point in June, when maize futures trading at the CBOT hit a monthly record of 1.5m contracts and damage to the crop was building with each dry day. But, since then, futures prices have relaxed to the \$2.50-\$3.25 per bushel level as the extent of the damage has become clear. A lot of the steam has now gone out of the maize market as plants cannot be hurt much more by the drought, but rain can also do little to help them recover.

Wheat could emerge as the new price leader in any late summer rally. The USDA says wheat production will fall by 13 per cent to 1.82bn bushels, largely due to less than half the spring wheat crop being harvested in the dry Dakotas. With exports estimated at 1.4bn bushels next year and carry-over stocks set to fall below 600m bushels, traders believe the wheat supply pipeline could become very tight. The estimated carry-over stocks for wheat, which were on the low side of most traders' own forecasts, are the lowest as a percentage of demand since 1973-74. Worldwide stocks of wheat have also fallen to low levels following some drought-related damage to the Canadian wheat crop. A poor harvest by the USSR

could severely test world wheat supplies, and one Chicago analyst comments: "We are moving from surplus to scarcity in world grain trade." Chicago's grain markets remain volatile as the fourmonth drought continues to rack up record temperatures across the nation.

Deborah Hargreaves

doubling in early summer from

Dry freight is the top contract

THE BALTIC FUTURES EXCHANGE

THE BALTIC Futures futures contract, which relies Exchange was born in December last year as a response to the problems which small exchanges were expecting to face when the UK Financial Services Act took effect in mutual, for the introduction of

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Its primary purpose was to avoid duplicating the regulatory and administrative costs involved in becoming a Recognised Investment Exchange, as required under the Act. But over the past year it has wid-ened its ambitions.

We have before us the concept of an agricultural futures exchange - not just a collection of exchanges," says the With the demise this year of BFF's Mr Beb Micro. We are the Infex market, an autoplanning to have all the rings mated trading system based in trading on the same floor."

Potato Futures Association, the Soyabean Meal Futures Association, the London Meat Futures Association and the **Baltic International Freight**

For the first time, all London's agricultural markets are operating under one roof

Futures Market (Biffex) — were later joined by the New Grain Futures Market, a spin-off of the Grain and Feed

The move to the Baltic Exchange building by the Corn Exchange, which had been in Mark Lane in the City since 1776, meant that for the first time all London's agricultural markets were operating under one roof, even though the BFE's operations are scattered across the capacious interior of the building - unkindly described by one broker as "a vast Victorian mausoleum."

The links with the Baltic also make sense because of the close affinity between the grain and shipping markets. Indeed, the most successful BFE contract this year has BFE contract this year has "The bull run has put the been the Biffex dry freight market firmly on the map," he

on the Baltic to produce the Baltic Freight Index (BFI) every day as the basis on which to trade. The benefits have been

the BFI in 1985 has helped to put the spotlight back on the Baltic in the world of shipping. Every day a panel of eight bro-kers compiles the index, which is published at midday, on the hasis of dry cargo freight rates for 13 shipping routes.
It gives the market a daily

yardstick instead of vague sen-timent, says Mr Paul Vogt, the

The initial four members of the only market in the world Bermuda, Biffex has become the beginning of this year, the dry cargo contract was trading enough to survive, but was not making a hig impact.

A bull run which started in

January gave the market a higher profile. Prices suddenly took off as the slack in the shipping market's supply/de-mand balance at last began to be taken up. The July contract reached a high of 1,625 points on March 23, compared with 969 on the same day in 1987 (each traded lot is measured by the index points, worth \$10

It fell 400 points through April before rising sharply to 1,500 in May. The new found volatility of the contract delighted the traders, who revelled in the rising volumes. Average turnover in April was 727 lots, compared with 371 lots in April 1987. However, the record number of lots in any one day (1,735) occurred on May 19 - and since then the market has fallen flat.

At the beginning of last month the second position con-tract was at 1,325 on turnover of 205 lots. Mr Richard House, of Coley and Harper, admits that turnover had become "diabolical", but puts the quiet market down to the traditional

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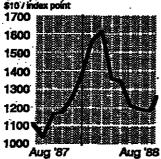
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Freight futures



says. "It brought in not only speculative money, but a lot more hedging inquiry." The US drought has played some part in the increased interest in Biffex, but it has had far more impact on the

which has swung up and down with the Chicago market. Trading volumes are well up on last year — as much as 600 lots a day, compared with the previous year's average of around 250 lots. "It's been very hectic - the market has really motored." said Mr Clive Bax-

the increased volatility has attracted renewed hedging

The outlook remains strong, Mr Baxter believes. "If crop estimates are true, we are beading for a shortage of soyabeans. Potatoes, which had a record

year last year, have not performed so well this year, and a cash settlement contract, launched to quell criticisms from farmers over deliveries, has not proved successful, trading only 55 lots in July. Mr Bill Knglebright, futures

director of the BFE, said ear-lier this year that British potato farmers seemed to be coming to terms with the oper-ation of the market as the heavily-traded April contract

A year earlier high futures soyameal futures contract. premiums over physical prices had sparked off an acrimonious dispute, with potato farmers accusing futures traders of market manipulation. Many farmers had closed out futures positions with heavy losses rather than risk having physical deliveries rejected. This year there was a significant level of physical deliveries, with a relatively low

level of rejections.

Mr Piers Fletcher, vice-chairman of the potatoes market, said the market was now looking forward to a rational market involving everyone in the trade, rather than just a few big players. Although turnover was down, the market was healthy at at current levels (in July it traded 364,840 tonnes worth £44.5m). But there was not enough liquidity to support the cash contract as well, he said.

Traded options for April 1989 potatoes were launched in March, but have not yet attracted much interest. However, Mr Peter Freeman, the BFE futures market manager, is hoping that options trade will pick up as April draws

The exchange has high hopes for options, and this month is launching wheat and barley options. Mr Freeman believes there is a demand from the physical trade, from growers, and also from livestock producers worried about the cost of feed.

David Blackwell

Regulation: the AFBD's task is considerable cautious welcome

THE UK FINANCIAL Services Act this year brought strict and options markets. It has been generally welcomed, although the costs and complexities of the legislation have brought some protest from the commodities trade.

Mr Con Lenan, marketing director of the London Futures and Options Exchange (Fox), describes the expense and extra administration involved as a burden, but stresses that the law should not be changed. There have been no instances of members pointing to a loss of business to London because of the regulations, he says.

The Association of Futures Brokers and Dealers (AFBD) is the Self Regulatory Organisa-tion (SRO) now responsible for regulating the markets. It is the smallest of the SROs to come into existence under the Financial Services Act, expecting a final membership of 365.
However, Mr Alistair Annand, its chief executive, believes it has the most com-

plex task to perform. "We do not have a homogeneous membership - we cover all futures brokers, and the variety of futures activities is enormous."

Without authorisation from the AFBD, firms are unable to carry out investment business on five London Recognised on live zumon kecognised investment Exchanges — the London international Financial Futures Exchange (Liffe); Lon-don Fox; the London Metal Exchange (LME); the Baltic Futures Exchange (BFE); and the International Petroleum

Exchange (IPE).

The association is responsihle for every area where con-tracts for differences are traded, including foreign cur-rency, bullion and the Brent oil

rejected 13 applications for membership because it did not consider the firms involved "fit and proper" to trade. Three of the firms had been

closed down by the Securities and Investment Board - CSTC, Stox and DPR Futures. Eight others had been refused membership, while two more were remaining in interim authorisation while appeals were considered. But Mr Annand sees the

weeding out of unsuitable busi-nesses as only the start of the AFBD's role in the markets. The major task will be to ensure standards are maintained on a continuous basis, and to provide a comprehen-sive service in helping mem-bers to understand fully what is required of them under the

He has also spent "an enormous number of man hours' with the Commodity Traders Group, which was set up in February by 18 London com-modity trading firms con-cerned about the implications of the FSA for their businesses. It was particularly worried that business might be driven away from London to less regu-lated and expensive markets.

The firms involved are split

roughly equally between the LME and the London Fox. They include Amalgamated Metal Trading, Metallgesells-chaft, Gill & Duffus, and Woodhouse, Drake and Carey (Com-modities). Their original sims were threefold: to assist each other in complying with the FSA, to try to ensure that the rules

under which they operated were appropriate to their businesses, and to press for a "slow and sensible introduction of the rules. The group has continually stressed that "it is in our own It has certainly shown its

teeth. By mid-August it had interests to have the regula-

tions in place so people can have as much confidence in us as possible. We want to see the markets operated efficiently. It is reasonably satisfied with its progress so far after long meetings not only with the AFBD, but also with the SIB and the Department for Trade and Industry. It originally submitted a 100-

page document on areas in the 485-page AFBD rule book which it believed needed expla-nation or change. "Now the AFBD is making proposals to us and looking at some of the more important issues," says Mr Simon Fishburn for the He hopes that conclusions

will be reached in a month or so on reforms to rules on financial resources requirements and credit, and conduct of business rules. But the group will continue as a discussion forum - particularly with 1992 and the European single market on the horizon. It is also concerned with how US legislation will tie in with London.
At the AFBD the same con-

cerns are looming. Mr Annand stresses the importance of the harmonisation of regulation as trading round the world and round the clock increases Above all, what is needed is a level playing field," he says. Meanwhile, the general feeling towards regulation is one of welcome. With the regula-tions and the SIB in place I would like to think that commodities will return to respectability," says Mr Jonathan Payne, of London sugar house Czarnikow.

"I would like to see the man in the street investing in commodities with confidence. It will probably take a long time, and will probably start with commodity funds - but it's now an attractive area."

David Blackwell

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Detail from Allen Jones' lithograph "Bar (State II)"

time beauty worn out by years of fending for her family on her own, and cynical indiffer-

ence from Adan, once dubbed the encyclopaedia of love for her exploits with migrant field workers, whose opinion of the

many men who have aban-

doned her is summed up with a

terse and frequent "they're all

The imagination, quirky

humour and characterisation

are strongly reminiscent of Gabriel Garcia Marquez. The

three female figures particu-

larly could have been cast

straight from One Hundred Years of Solitude: Hernandez's

fretful bolshiness as the young Angela, Susan Brown's earthy

sententiousness as Adan and Eileen Nicholas's reawakening

sexuality as the long-suffering

Juana are compellingly drawn

without any sense that the

playwright has found a subjec-

tive female response to soci-

The subjective imagination is embodied rather in the cir-

cling, strutting and high-kick-ing of the fighting cocks. It is a symbolism that takes a bit of

getting used to - especially when the transitions are made

with two remarkably patient,

and remarkably little, birds

which are dragged clucking from their baskets and held

aloft to signify the start of a

fight. In the iconology of English literary tradition

ety's attitude to women.

Roosters

BUSH THEATRE

Milcha Sanchez Scott, a dramatist of Colombian and Indonesian parentage who went to San Diego University

and now lives in Los Angeles.

finds in Roosters a metaphor

for the hurly burly of male/ female relations - life as a

chicken run. At one end is the

old rooster Gallo (James Laurenson), handsome, flighty and

vain; at the other is his son

(Padraig O Loingsigh), young,

ardent and eager to win his spurs. Between them stand the

three traditional images of

womanhood - the mother, the

whore and the virgin daughter, whose lives in rural New

Mexico are bound by the whims and rivalries of their

Presented as part of the

Bush's American Frontiers sea

son, the play has a huge sym-

bolic energy that threatens at

times to break the bounds of

Nancy Diuguid's production: it

opens with an exotically staged

cockfight mimed by two masked figures and ends with

the transformation of a saint-

fixated adolescent into a scar-

let levitating angel - the ulti-

mate flyer. Between lies the story of Gallo's return home

after seven years in jail for kill-

ing a neighbour's son who

caught him trespassing in their

cocklights offsets a homecom-

ing charged with more mun-

dane emotions - resentment from his son and angry resis-

tance from a daughter (Maria

Isabel Hernandez) who wan-

ders around in a pair of card-

board angels' wings dragging a

cart of sand planted with min-

iature grave stones on which

she inscribes epitaphs to any-

one who has offended her.

There is a passionate welcome

from his wife Juana, a one-

The heightened reality of the

chicken coop.

Overlaid with witty eroticism

William Packer reviews three current London exhibitions

in London make the point that, whatever we might think of that now discredited decade, the 1960s, the artists it produced have proved a most per-sistent, productive and tal-

Allen Jones (at Waddington, 4 & 34 Cork Street W1, until September 24), has always revealed himself in his work as something of a wit and aesthete, a combination of qualities which so often carries with it a mischievous obligation to tease and irritate those less than agile in their response. In this he has never let anyone down and his long debate with the more unamused and inflex-ible side of feminism by his ironical use of the iconography of eroticism in some of its more recondite applications has been a recurrent delight. Lately however, as we can see from the recent lithographs here, though the eroticism remains a significant and imaginatively potent element, it is so only as a general atmosphere overlaying the work. The girls are still there, with

their long legs and subject males keeping time to their music, but gone is the more particular attention to their attributes - the high heels, the breastplates, the straps, the whips - that caused such pain to the literal mind. There is instead a less closely directed ambiguity in his concern in the eternal mutual interest of the sexes whenever they meet - at a club or party, or quite alone together beneath the trees. All this Jones expresses with an habitual graphic economy and elegance that can belie the

authority, both technical and imaginative, of his statement: for it always dangerous to assume of the wit that he must be joking. Yet he is very funny, in his wry way, and not only in the human comedy he puts before us but also in the quality and wit of his line. It is not by chance that Peter Arno is one of his heroes; and if, as he so often does, Jones calls to mind the work of Grosz and Beckmann - as much by the force of his draughtsmanship as the nature of his reference he does so with clearly less hitter a smile.

With the larger part of the show, which is his sculpture, that characteristic lightness and wit is taken even farther from actual depiction, being sublimated in the technical resolution of the image. In turning to sculpture again in recent years, Jones has sought not simply to give his painted imagery a three dimensional reality, as he did in the early 1970s, but to achieve a more truly sculptural equivalent.
And in doing so he has come
up with images remarkably
close to the abstracted and fragmented dancers and danc-ing couples which marked one of the phases of his initial suc-

cess some 25 years ago.

His technical solution derives in part from the more playful Cubist sculpture and later surrealist construction. only now the facetting and folding has been achieved not with card and glue but with sheet metal. Given the physical nature and necessary limita-tions of the material, the wit lies quite as much in conjuring a human presence, however remote, to read passably in the

round. To do so with such con-fident subtlety and graphic dis-cretion so that we are constantly thrown happily to and fro between descriptive refer-ence and formal means, is remarkable. Many of the works are brightly painted, but those in monochrome are the true test. The metal is nierced, the leg bends, the figure pirouettes, and a profile drawn along a thin steel edge is enough to cast the character and set the mood.

Howard Hodgkin (also at Waddington, 11 Cork Street WI, until September 17 — then Knoedler, New York) shows a knoeder, New York) shows a group of recent paintings (that is paintings he has lately left off, for he keeps works under his hand for many years, however small). Here is nothing new in terms of development, new in terms of development, no surprise or revelation, but only a quality of concentrated sensation: his painting remains as hedonistically enjoyable as it ever was. Nominally figura-tive, the reference is simplified to that point of abstraction where only the sense of a par-ticular space remains, with the barest hint of what things or bodies might occupy it - nothing more than the grin of the shire Cat.

Cheshire Cat.

But there is a true pictorial space established, nevertheless, though by pigment alone. Repeatedly, we are led up to the aperture, the peep-hole, the crack in the door, and invited to peer through. And if all we actually then see is but a succeplent sweep of paint lush culent sweep of paint, lush stroke against stroke, such is the curious alchemy of the pro-

tive suggestion, that we begin to persuade ourselves we almost see what the painter saw, feel what he felt. It is pure painting for pure painting's sake perhaps, with the artist merely working easy, effective variations upon a now well established formula, but it is still very well done.

Finally the Jeremy Moon exhibition (at the Mayor Rowan Gallery, 31a Bruton Place Wi, until October 12), should not be overlooked, for it too, like the Hodgkin, offers a concentrated and purely painterly sensation. To enter the gallery is, in one sense, merely to come upon sense, merely to come upon some six large canvasses, dating from 1969, that carry nothing more than a simple coloured grid, yellow or grey, into which are set plain rectangles of colour. But it is also to enter a pool of soft, warm light, light a pool of sort, warm night, night generated quite palpably by the paintings on the wall. Sim-ple harmonies of colour, subtle shifts of tone and little more, yet the sensation could hardly

yet the sensation could hardly be stronger.

Moon, who was killed in a road accident in 1973 at the age of 39, was one of the liveliest and most thoughtful, and thus one of the most open and var-ied in his work, of those artists of his generation who con-cerned themselves with formal, systematic abstraction. The lower gallery carries a number of his small studies and propos-als, which show just how rich was the seam he mined, and what we lost by his premature death. His work would now, no doubt, be very different but surely no less lively and



Geoffrey Dolton and Christine Botes

Così fan tutte

Mozart's opera eminently deserved revival, and on Sunday it was clear that it will repeat its popular success. The cast is unchanged but for a new Ferrando, Neill Archer, where fortheight extiling terror. new Ferrando, Neill Archer, whose forthright, stylish tenor has been heard in the role with Scottish Opera. Paul Daniel again conducts the London Sinfonietia to lively effect (and supplies expert continuoplaying); the score is "reduced" only by economising on the number of strings and eliminating the small choral part, and it suffers hardly at all — Mozart would have expected a band no larger.

David Freeman's production is determinedly clever and funny, and only mildly per-verse. The strenuous physical antics he usually wishes upon his performers are only intermittent here: most prominent in the first-act finale, where the hilarity aroused by the churning tangle of lovers drowned out the climactic ensemble — and Despina's ensemble — and Despina's Laccoon-like struggles with a folding chair continued naughtily long after the music stopped Christine Botes' comically overwrought Dorabella also has to deliver "Smanie implacabile" while tying hereald in folders know the struggles. self in furious knots changing costume. The musical ensemble remained impressively intact, at least when audible,

Except for a rewritten dénouement (pointful enough, if at odds with the music) Freeman's version is relatively faithful to the details of the story. In one respect, indeed, he is more faithful than most modern producers have been for years: his Despina does not see through the swains' dis-

ALBERT HALL, RADIO 3

Henze

This Opera Factory version of Mozart's opera eminently deserved revival, and on Sunday it was clear that it will fitted at the end as they are fited at the end as they are. (Nowadays she is commonly represented as party to the whole charade, though her lines deny it.) That darkens her character — she really is pandering for strange men—and Janis Kelly makes her appropriately tough and hoydenish, while delivering her music with bright panacha. No significant twists are made in Ame Ridler's admiraMarket Mar. 21

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made in Anne Ridler's admira-ble translation, and so no attempts to conceal the fact that Freeman's informal beachside setting (designed by David Roger) is dramatically irrelevant — a nuisance, even — once it has made its initial effect. (I think Freeman Just likes sand: vide his Philip Glass Akhnoten.) That is of no importance; it matters more, however, that the elaborate however, that the elaborate

however, that the elaborate physical farce of Act 1 does so little to prepare the real romantic anguishes of Act 2.

Earlier, only Tom McDonnell's grim Don Alfonso gives any hint that something more than meary comedy is afoot. No dramatic space is given even to serious filtration, once the "Albanians" have turned up, and with such interestup, and with such interest-ingly characterised ladies -Marie Angel's Fiordiligi achieves a "Per pietà" of dis-concerting depth - the even-tual outbreak of passion and under-motivated. A vital dimension of the opera is thus scamped, and for all Free-man's gift for drawing lively playing from his cast, this rol-licking performance leaves a slightly sour aftertaste of plain manipulation.

David Murray

Haydn Festival

All this week, the Wigmore Hall will be resounding gently with Haydn – piano works, chamber music (notably the last string quartets and the still under-performed piano trios) and songs. Enhanced by Mischa Donat's substantial and rewarding

and rewarding programme-notes, the celebration has been organised by the pianist András Schiff, who chose not to figure in the opening concert on Saturday. Instead we had Radu Lupu, along with the soprano Marie McLaughlin and Schiff's compatriots the Takács Quartet (who figure in every

programme).
As soloist, Lupu offered the great F minor Variations and two earlier, familiar sonatas,

the sprightly D major H.37 and the dramatic C minor H.20. His forthright, extrovert address belied his stern manner and rigorously straight back (Alexander technique?)
- though in the Variations, his best performance, he permitted himself to lean slightly forward. In the sonatas his sharp-etched phrasing and generally quick, unyielding tempi were effective, often exciting; both the finales eemed at times to be straining at the leash, squeezing beats in their haste to rush forward.

The Variations were much more generously set out in breadth and depth, and in sonorities often weighty enough for any Beethoven

harpsichord-imitation there! Lupu's commanding musical purpose was justification enough. On a smaller scale he also accompanied Miss McLaughlin in a half-dozen of Haydn's English songs, which the singer elaborated with any amount of romantic nuance and gesture: charming, but decidedly modern for music which reveals itself very clearly with no titivation at all. I felt renewed admiration for Barbara Hendricks' sweet simplicity in some of the same songs at Edinburgh last

At first the Takács players seemed inclined toward romantic emphases too, as they began the Quartet in G,

op. 76 no. 1 (they are to deliver all six op. 76 quartets and the two of op. 77). There was a lot of maistent vibrato, not to or mastern viorate, not to mention some uncharacteristic technical skids. But perhaps that merely betrayed the awkwardness of joining the concert at a late hour, for they went on to expound the Adagio with assured poise; better still were the Menuetto – really a crackling scherzo with a delectable trio – and the driving finale. Is if fanctful to detect strong analogies to detect strong analogies between this remarkable movement and the finale of Schubert's "Great" Symphony

David Murray

Jessye Norman

For the opening of the 1988/ 9 season the Wigmore Hall is fortunate to have caught Jessye Norman on the rebound from Salzburg. The roar of applause that greeted her as she stepped on to the platform was a forceful reminder that this is a singer who is now accustomed to filling venues much larger than London's most homely recital hall.

chickens and machismo do not belong in the same coop, creat-ing a dissonance that is not Quiet virtues work best here wholly resolved until the final and it is to Jessye Norman's stunning image, when Angela credit that she keeps the respleudent in her mother's noisier aspects of cult status well out of the way until the scarlet party frock - rises slowly and majestically from encores. Her live recitals and the floor, the apotheosis of a fundamentally male fantasy. recordings have always shown her to be a serious student of song and, whatever other reservations one might have

Claire Armitstead

about this recital with the accompanist Phillip Moll, there was never any doubt that she had given its selection of German Lieder and French mélodies studious preparation.

Unfortunately this alone was not enough to make the evening take wing from the beginning. Throughout the Beethoven and Schumann songs that made up the first half it was quite possible to make a list of the many features that were impressive about the singing (the judicious choice of tone colours, the well-spun lines) and still come away feeling that one had never become involved in the songs. It seems to me the problem is one of spontaneity, difficult

though that quality always is to define. A song like Schumann's "Auf einer Burg" from the Op 39 *Liederkreis*, for instance, was far too slow for its own good and the listener finds himself picking up vowels and consonants, but rarely words or whole sentences. One longed for the poem to speak to the audience easily and naturally: the best Lieder singers have always been adept at the art of

In the second half matters improved. A selection of Brahms songs brought us some lovely singing in "Wie Melodien zieht es mir," where the dusky quality of this versatile soprano in its middle range was heard to especially

telling effect; and the first two of her Debussy group also caught the voice at its most beguiling, though now apparently a different instrument, lightweight and evanescent, shining in radiant daylight colours.

The best, though, was left to the encores, which included the inevitable spiritual and an outrageous number with the refrain "Did I sing too loud?" No, on that score do not worry; the Wigmore's roof is still on, and the hall well set to host what promises to be one of the most interesting Song Recital series of recent

Sept 2-8

Richard Fairman

abstract instrumental and orchestral music. The Seventh Symphony, Henze has revealed, carries a hidden programme derived from Hölderlin, and the Sieben Liebeslieder for cello and orchestra extends the technique yet further. Its British première with Alexander Baillie as the commanding soloist made up the first half of Sunday's Prom, which Henze himself conducted with the BBC Symphony Orchestra.

gave a splendid flavour of the exoticism and exuberance of Henze's rescorings, which make very few concessions to period constraints, and employ a large orchestra without violins but with quadruple wind and accordion.

Envisioning heaven through a haze of vibraphone and marimba, portraying the ventury Germanic hero signalled

set of lovesongs without words were English poems from a variety of periods, but that is as much as Henze wishes to offer as explanation. Some of the movements carry suggestive titles - one is a "Tango," another "Sonnet" - and the composer has provided guides to interpreters in the form of pocket scenarios for the songs. But the music itself is mysterious and full of ghosts. While the cello line is unambiguous, fulsomely lyrical and extremely taxing to play, the orchestral accompaniments are inflected with all manner of inflected with all manner of evocations. Those to Elizabeth music perhaps hint at the vintage of some of the poetry, but references, apparently, to Puc-cini (Bohème-like woodwind) and to the sound of a gamelan remain quite enigmatic. But even if the subtexts are disregarded Sieben Liebeslieder is a characteristic and finely drawn example of Henze's unfailing sensitivity to lyrical line. The music is not always as sharply characterised as it might be, but the most memorable sec-tions are vivid creations and likely to be an enduring challenge to cellists.

David Murray wrote extensively here about Henze's arrangement of Monteverdi's Il

Hans Werner Henze's ritorno d'Ullsse in patria when dedication to the fusion of it was staged at last year's words and music has arguably been more sustained than that heard a potted version, the of any other living composer. It first British performance of is celebrated most overtly, of scenes and Arias from the course, in his operas, but the opera, though whether this is a operate of posters. course, in his operas, but the opera, though whether this is a influence of poetry, the lyric impulse at its most profound, extends also into his seemingly abstract instrumental and assistant music. The Comenth expectation and expectation and expectation and expectation and expectations.

and accordion.

Envisioning heaven through a haze of vibraphone and marimba, portraying the wandering Ulysses as a 19th-century Germanic hero signalled by romantic hero signalled The starting points for this by romantic horns, or support-ing the infinitely subtle vocal lines on harmony of chromatic richness may infuriate those who cherish the economy of Monteverdi's theatrical power, but undoubtedly gives the music a public and genuinely operatic grandeur that is highly effective on its own

terms.
It also, one suspects, gives the singers an expressive freedom that they can reliah. Certainly the quintet here—Thomas Allen an imposing Ulysses, Kathleen Kuhlmam a transling Paralona Ann Mus. touching Penelope, Ann Murray (Minerva), Flona Kimm (Ericlea), Alejandro Ramirez (Telemachus) — allowed themselves liberties of phrasing and dynamics they would not have contemplated in a more strait-laced performing edition. That fusion of an alien emotional world with the traces of baroque formalism that remain in Henze's arrangements gives this Ulisse a highly personal flavour. One cannot imagine it will be used for many productions of the opera - the sheer scale of the scoring would pre-vent that - but for special occasions, festival staging per-haps, it will surely earn

Andrew Clements

revival

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ARTS GUIDE

MUSIC London

BBC Welsh Symphony Orchestra, conducted by James Loughran with Howard Shelley (piano). Berlioz, William Mathias,

(plano). Berlioz, William Mathias, Elgar. Royal Albert Hall (Tue) (589 8212). BBC Welsh Symphony Orches-tra. conducted by Tadaaki Otaka-with Cécile Ousset (piano). Schu-mann, Mahler. Royal Albert Hall (Wed) (589 8212). London Sinfonietta, conducted by Lothar Zagrosek with Michael Collins (clarinet) and Maria Ewing (soprano). Stravinsky. Ewing (soprano). Stravinsky,

OPERA AND BALLET London

Royal Opera, Covent Garden. No opera performances until 12 September. English National Opera, Coliseum. The season opens with revivals of two of the less suc-cessful ENO productions of recent times. David Pountney's recent times. David Fountney's ugly, coarse-grained modern-dress Carmen sports at least a highly promising cast, including Jean Rigby, Arthur Davies, Sergey Leiferkus, and Susan Bullock. The limply staged wartime-in-Massali-thgey Lenerkus, and Susain Bulli-ock. The limply staged wartime-in-Mussolini's-Italy Tosca produc-tion by Jonathan Miller has Jan-ice Cairns in the title role, Edmund Barham, and Malcolm

Donnelly. Barbican Hall. Paco Peña's Fla-Barblean Hall. Paco Peña's Fla-menco Dance Company (Mon-Thur, Sat). (638 3891) Queon Elizabeth Hall. Opera Factory production of Cosi fan Tutte conducted by Paul Daniel (Tue, Sat) (923 3191). Sadlers Wells. Sept 1, dancing begins in London again after Zimmermann, Don Banks, Weill. Royal Albert Hall (Thur) (589

Wiener Mozart Orchester (in historical costume). Mozart, Sofiensaele (Wed) (72 21 98). Budapest Festival Orchestra conducted by Ivan Fischer with Zoltan Kocsis (piano). Mozart, Bartok, Brahms, Stravinsky. Musikverein (Tues) (505 81 90). Kodaly Choir from Debrecen, Hungary, director Kalman Stransz, conductor Manfred Huss, Beethoven (Missa Solem nis). Votivkirche (Thur).

a momentary break with the arrival of the Cumbre Flamenco troupe on Sept 6 for a 10 day

State Opera. In repertory: Caval-leria Rusticana, conductor, Adam Fischer. with Margarita Lilowa, Rohangiz Yachmi, Peter Dvor-sky, Silvano Carroli. Lucia di Lammermoor, conducted by Mar-cello Panni, with Edita Gruber-ova, Waltraud Winsauer, Paola Coni, Francisco Araiza, Richard Burke. Il Barbiere di Siviglia. conducted by Ion Marin, with Frederica von Stade, Majorie Vance, Robert Gambill, Alexanvance, Robert Gambill, Alexander Maly. Mozart's Cost fan Tutte, conducted by Christian Thielemann with Margaret Marshall, Margarita Hintermeter, Olivera Miljakovic. (Ph. 5144). Volksmer, In repertory Die Lus-Volksoper. In repertory Die Lus-tige Witwe; Die Fledermaus; Arthur Schnitzier's Reigen (bal-let); Kalman's Die Zirkusprinzessin; Hoffmanns Erzählungen; Die verkaufte Braut; Der Ziguenerbaron (Ph. 51444).

Paris

Quator Rosamonde, Laurent Cabasso, piano: Haydn, Schubert, Brahms. Auditorium des Halles

Junges Philharmonisches Orchestra and Markusvokalen ensemble from Stuttgart con-ducted by Manfred Schreier. Mes-

Berlin Philharmonie, Berlin Philhar-monic Orchestra under Claudio Abbado with Marizio Pollini

Testro alla Scala, Milan. I Capuleti e i Montecchi, conducted by Riccardo Muti, directed by Pier Luigi Pizzl, with Agnes Baltsa or Dolores Ziegler as Romeo and Lella Cuberti or Lucia Aliberti as Giulietta. Licia Anderti as Guiletta.
Tokyo Bunka Kaikan (Thurs).
Nabucco, conducted by Riccardo
Muti, directed by Franco Zeffirelli, with Renato Bruson in the
title role. NHK Hall (Wed) (725

Berlin Deutsche Oper. Oedigus, spe-cially composed for the Berlin Opera by Wolfgang Rihm, will be conducted by Christof Prick. Lulu in Götz Friedrich's produc-tion stars Patricia Wise, Emily Golden and David Griffith. Lady Macbeth von Mzensk by Shosta-kovich returns with Karan Arms trong, Kathryn Montgomery-Meissner and Dmiter Petkov. Aida with Bruna Balioni, Julia

(piano) and Marjana Lipovsek (alto). Schönberg and Brahms (Wad).

Cologne Philharmonie, Orchestra National de France, under Lorin Maszel. Ravel, Roussel and Stra-vinsky (Wed).

Tangerine Bream. Three-member German synthesizer group known as the Godfather of New Age Music (Kennedy Centar Con-cert Hall) (Thur) (254 3776)

Varady and Giorgio Lamberti rounds off the week. Hamburg

Hamburg
Statsoper, Die Zauberflöte has
fine interpretations by Hellen
Kwon, Gabriele Fontana, Harald
Stamm, Heinz Kruse and Franz
Grundheber. Die verkaufte Brant
is a well done repertoire performance. Der fliegende Holländer
stars Richard Versalle in the
tifle role, Elizabeth Connell,
Ursula Boese, Rose van Dam
and Kurt Moll.

Munich Bayerische Staatsoper, the Munich opera house will be closed until April 8 for renova-

Amsterdam Muziektheater. Netherlands Opera production of Bluebeard's Castle by Bartok, with Henk Smit as Bluebeard and Kathrine Clesinski as Judith. Directed by Herbert Wernicke, with the Netherlands Philharmonic under

(Thurs) (465 1781). Hartmut Haenchen (Thur). Premiere of Ron Bunzl's 'ballet event' Mise en Cadre danced by the Cloud Chamber company and directed by the creator, with music by Jose-Luis Greco (Wed) (255 455). Stadeschouwburg. The Hoofdsta Operetta Company in Karl Mil-löcker's Gasparope directed by Hans Fretzer (Tue to Thur). (24

Yong-Uck Kim (violin), Allison Elldredge (cello), with the Tokyo Philharmonic Orchestra con-ducted by Michiyoshi Inoue. Shelius, Elgar. Suntary Hall (Tues) (795 4488). Gennady Rozhidestvensky con-ducts the Yomiuri Symphony Orchestra. Haydn, Shostakovich. Tokyo Bunka Kalkan (Tues), Suntary Hall (Thurs) (270 6191).

Suntry Hall (Thurs) (270 6191). NHK Symphony Orchestra conducted by Ess-Pekka Salomson, Messissen (Turangalila Symphony). NHK Hall, Shibuya

New York

New York City Opera (State Theatre, Lincoln Canter). The week features Victor Herbert's Haughty Marietta in a new production by Theodore Pappes with sets by Oliver Smith. (496 0600).

Sullivan and Gilbert (Eisenhower). Fritz Weber (casen-hower). Fritz Weber and Noel Harrison play the composing team that represented the high-est artistic achievement of the Victorian age in this so-called "drama with music". Ends Oct "drama with miss... 9. (254 3670).



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TECHNOLOGY

Helping small firms to exchange money

By Delia Bradshaw

COMPANIES in Europe that want to buy less than £150,000 of foreign currency now have an alternative to using a High

Citibank, of the US, is using computer-based system to allow smaller companies to buy foreign exchange at the live dealing rate, rather than the rate offered by the banks. Foreign exchange dealers are reluctant to deal with clients exchanging sums of less than £150,000 because the cost of doing the transaction exceeds the profit they make. Citibank has overcome this by grouping small currency trans-

actions into one large one. These small transactions are marshalled together at the Citibank computer centre, which comprises a cluster o VAX computers. There could be several hundred small transactions changing sterling to dollars, for example, which would be fed through to the foreign exchange dealer as one large one. Companies using the service dial into the centre from their own personal com-puters via modems.

The cost of using the service is only that of a local tele-phone call to the computer centre. John Bertrand, head of the Global Electronics Market division at Citibank, says the bank will make its profit on the exchange rate deal.

The Currency Trader system will be available in the UK from October, followed by other European countries. Companies will be able to deal in 26 currencles. In the US, the system has 150 customers and carries out more than 100

trades a day.
At the moment it is restricted to those companies which have a Citibank account and credit authorisation. Eventually Bertrand hopes it will be available to any individual dialling up the Citibank computer centre from a personal computer. "To get down to the individual we need to ensure that credit is not a

Although all the foreign exchange transactions on Cur-rency Trader are done through Citibank dealers, Bertrand plans to have at least one other bank quoting exchange rates by the end of the year.

Half the population of

Holland are clients of the same

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limited liability company, whose

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is the State of the Netherlands.

national institution. Internation-

ally we seem to have a low

profile, because until recently

we have concentrated on the

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pressive operation. For example,

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popular cheques. Furthermore,

accounts (the population is just

over 14 million) and are the

issue the country's most

we hold 7 million savings

domestic market.

In Holland the Postbank is a

bank, the Postbank.

aero-engine manufacturer, has embarked on a research and development drive that could lead to the world's first aircraft engine built more of ceramic

as Rolls-Royce's in-house pro-jects, associated studies are being carried out at UK universities, the Atomic Energy Authority's Harwell Labora-tory and by Pilkington, the UK lass company. Ceramics could lead to new

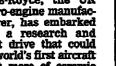
concepts for engines, including ones designed for pure vertica lift as opposed to the combined lift/thrust Pegasus engine on the Harrier vertical take off fighter. These lighter engines would have low inertia and enable aircraft designers to opt for smaller flaps and rudders. The research effort involves

times their weight and oper-

ated at 827 degrees C.
Gains are increasingly difficult to attain by modifying the
design of metal engines.
Because of their maturity, a disproportionate amount of money and effort is needed to achieve only modest improve-

turing processes. Although it believes that alternative mate-rials, such as ceramics, offer

Keith Garwood, Rolls-Royce's assistant chief engi-



materials than metal alloys. Research is under way into materials which include a glass/ceramic composite that could replace titanium. As well

a quest for higher engine per-formance, lower weight and increased engine life, all at the lowest cost.
Military customers are mak

Military customers are making the toughest demands, as governments try to reconcile tight defence budgets with the need for more complex, high performance equipment.

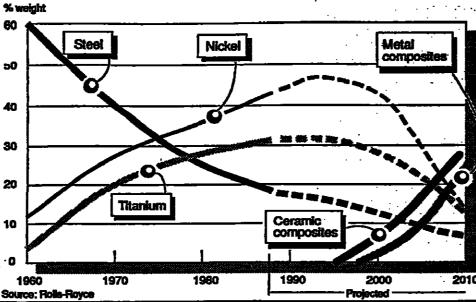
Air forces have asked for a ten-fold increase in engine life;

25 per cent cuts in purchase and maintenance costs and in fuel consumption; a thrust 20 times the weight of an engine, compared with a thrust/weight ratio of 8:1 on current engines and turbine temperatures of 2,227 degrees C compared with 1,377 degrees C. The first jet engines, operating in the 1940s, had thrusts of about three

Rolls-Royce says its aim is to achieve half the improvements for its military engines by bet-ter design and half by changes to the materials and manufacthe best potential, there are severe limitations.

neer for advanced engineering, says: "Ceramics are stepping out of their infancy and starting to mature. They still tend to be very brittle and somewhat unusable in engine terms, but the drive is on to introduce ductility into

Main trends in the materials used in jet engine manufacture



New thrust towards the ceramic engine

Lynton McLain explains why Rolls-Royce is stepping up its work on new materials

into new materials can proceed

far without the committee's

The target for designers

the external components of ceramic components by incorporating filaments, or whis-kers, of silicon nitride."

China tea cups are ceramic, They ring when tapped. Too hard a blow and they smash, evidence of the brittleness that has hindered industrial appli-cations of the material.

Rolls-Royce is considering advanced ceramics for the fierce conditions inside a turbo-jet engine, just as it considered carbon fibre as an alterna-tive to metals in the early 1970s. The company tried carbon fibre for fan blades on the

of ceramics and, while the bouncing china tea cup has yet to be invented, aero engine manu-facturers are making the material more ductile. This can be done in three ways, according to Philip Ruffles, director of design engineering at

First, production processes for ceramics have to be improved to eliminate defects. Silicon nitride, a ceramic made by casting, is brittle: cracks do not spread, the product simply breaks. This is more likely to happen if there are defects in production, so eliminating these

improves results.
The second technique is to reinforce ceramics

RB-211, but chicken carcasses core. These spin to produce jet fired into the engine as a test for bird strikes smashed the 6 ft diameter blades.

The latest European engine, the Eurojet EJ200, being built by a consortium to power the Eurofighter, has 1,800 blades compared with 2,845 on the Rolls-Royce says it has learnt from the experience. It has formed a committee of external materials experts under Sir Alan Cottrell, former previous generation RB199 engine in the Tornado fighter. But there are limits to cutting vice chancellor of Cambridge University. None of its R and D the number of blades.

A complementary advance would be to replace the metal blades with ceramic ones. The advantage would be that they could either operate at higher seeking to cut engine costs are the hundreds of metal turbine and compressor blades in its performance, or for longer at

> to give a ductile, composite structure. Silicon carbide fibres are made into a matrix, or mat. This is suitable for non-structural components, such as jet nozzies. It is possible to weave these fibres into a turbine disc complete with blades, says Ruffles. that accommodate the characteristics of ceramics. Metal parts can accommodate the high stress associated with intricate shapes. The aim with ceramics is to engineer the material and the shape of the part together. Ceramic blades do not have the fir tree-shaped roots of metal blades, they have a pyramid-shaped base for low stress.

today's temperatures.

By replacing the air cooled metal blades on the Tornado's RB199 engine with ceramic blades, which do not need cooling, Rolls-Royce says it would be receible to cert a 5 per cent

ing, Rolls-Royce says it would be possible to gain a 5 per cent increase in thrust and a 5 per cent cut in fuel consumption. However, direct replacement is unlikely to be the way for-ward. More gains are expected from designing new engines around the essantic parts. The materials being consid-gred include resin composites:

ered include resin composites composite and reinforced metal structures, such as titamum in a matrix with allicon carbide fibres; reinforced glass and glass/ceramics; carbon fibre in carbon; toughened ceramics such as silicon nitride and silicon carbide, and toughened and reinforced silicon carbide and fibrous ceramic materials.

The reinforced glass and glass/ceramic materials are regarded as being of "major potential significance". The company claims these could "directly succeed titanium" and could operate at up to 1,400 degrees C with only half the density of titanium.

Rolls-Royce has already made test blades and blade discs using reinforced metallic materials based on titanium and silicon carbide fibres. These are put on top of metal foil prior to diffusion bonding. This results in a 42 per cen reduction in disc weight com-pared with solid titanium. The company expects to apply this technology in an engine in the next 12 months.

The challenge for engine makers is to develop tech-niques for manufacturing these at low cost.

Composite materials have been used for some time for large civil aero engines. How-ever, ceramics show their main advantages of light weight and ability to withstand very high temperatures inside an engine. Rolls-Royce has built a demonstration version of its Gem gas turbine using ceramic materials for five sections of the

engine, including the high pressure turbine blades.

The company says it could save 90 kg in a low pressure turbine rotor disc, in a vertical take off engine, by using a reinforced caramic silicon carbide material – a weight

reduction of 65 per cent.

If the blades on high pressure turbine discs were made from reinforced ceramic silicon carbide, instead of single crystal nickel fitted to a metallic powder disc, the load on the blades would be haved, offering the prospect of higher running speeds and better perfor-

Lasers that are used to cure rather than kill

Paul Abrahams reports on a machine that applies low intensity light to aid healing process is not fully understood. However, she explains that the lasers provide energy which is absorbed by chemi-

cals called the macrophages in the skin. These are able to

change light energy into chemical energy, stimulating the production of scab-forming

She adds that research is

being carried out to see whether different types of cell react to different levels of

light. If this is proven, then the laser offered by Omega could

be used to target particular

cells:
Diamantopoules says that
the performance of the new
laser is assisted by its portability. The new cluster head, at

the end of a fibre optic tube, is placed on the skin.

This avoids the problems associated with helium neonbased machines, which because of their size have to be used at some distance from a

wound. As the light travels

through air, it is vulnerable to

He adds that the gallium

Diamentopoulos admits that

there has been some scepticism about the product in France and West Germany because of

the failure of earlier belium neon systems which delivered in the 622-8 nanometres range. He explains that this range of light is only useful for open

mgm as only useful for open wounds because, although it can be absorbed by the meia-nin in the skin, it is easily scat-tered and reflected as it enters

ersenide based machine costs a tenth of the price of the previ-ous, gas-based lasers.

interference and distortion.

asers have been associated in the popular imagination with Star Wars, death and destruction.
But recent developments in
laser technology mean that low
power light is now being used
for healing.

Omega Universal Technologies, of London, has developed a machine that applies low intensity light to ease pain and reduce inflammation. The healing process can be accelerated by as much as 50 per cent, it claims.

"The process is photochemical and not just a placebo—though, of course, with any patient there is a placebo effect with any treatment," says Costas Diamantopoulos, Omega's director. "The technology can be reide agreed and the control of the contr

director. "The technology can be used for a wide range of applications, including rheumatoid arthritis, muscle tear, acne and even dentistry."

Diamantopoulos says that a number of regional health authorities in the UK have expressed interest in the technology, because it should allow in-patients to be discharged more quickly and out-patients to make less demands on the health service. health service.

In the past, lasers using helium neon as a light source have been used for healing. However, these gas lasers tended to be bulky and their effectiveness was reduced by the limited range of light they

could deliver.
Omega has developed solid state lasers using gallium arse-nide semiconductors (electrons travel through gallium arse-nide three times faster than through allicon, the conven-tional material for chips). The new semiconductors are small enough to enable the company to develop a cluster head of 31 diodes, which will deliver light

This compares with the per-formance of neon belium lasers which were limited to between 632 and 638 nanometres. Mary Dyson, reader in tissue repair biology at the United Medical and Dental Schools in

the body. This means it is ineffective for internal injuries. He adds that the Omega machine, which has a greater at four different wavelengths, in any combination between 650 and 900 nanometres.

range, has been tested successfully for treating internal wounds. Among the places which have tested the machine are hospitals in Europe and the US. Doctors and physiotheranists at UK football clubs and the Royal Ballet in London have also taken part in trials. Landon, says that the biologi-cal process by which low inten-sity light assists in the healing

Diamantopoulos is now looking for venture capital to help him launch the product

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not planning to do international





The industries which serve agriculture are being forced to adjust to changing times. For some this

has involved painful restructuring. But, even if the worst now appears over, the future seems far from certain, writes Bridget Bloom,

Agriculture Correspondent

The good old

AGRICULTURE WORLDWIDE is in a state of flux and so, not surprisingly, are the industries which serve it.

As farmers in the rich industrialised nations adjust to the pressures of generally declin-ing prices and moves by their governments to cut farm costs and to reduce, if not abolish, the subsidies which did so much to fuel the boom of the 1970s, so agricultural supply industries are adjusting also to these changing times.

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For some sectors, this has meant a quite profound restructuring, for others a less intense but still uncomfortable isation. But from the tractor manufacturing industry to those involved in the supply of seeds, feed, fertilisers or pesti-cides, the last few years have been among the the most difficult since the second world war. And if for some the worst now seems to be over, such are the agricultural scene today that it is far from easy to predict a stable future.

The background to the crisis of the last few years is the boom in farming fortunes in the industrialised world in the 1970s. Production was boosted by the twin stimuli of techno-logical innovation, which increased yields and in which

many agricultural supply industries played a critical role, as well as by the generally high prices which the governments of the US and European Community, in particular, paid their farmers.

The problem, however, was that markets for the increased.

production proved at best stable and at worst declining - or obtainable only by the payment of heity export subsidies. Grain and beef mountains and milk and wine lakes accumulated and were stored at great public expense.

Mainly to curb the costs of

such support, but partly with

an eye to reducing resultant distortions to world trade, the US and EC governments in the mid-1980s embarked on a series duction and of reducing farmers' assets and encouraged expansion. When commodity prices and land values plum-

farmers left the land; recent

of programmes which had the overall effect of curbing proers' incomes, while the recession which hit farming in the early 1960s increased the number of those leaving the land.

The crisis was most acute in the US, where the boom of the mid-1970s, fuelled by huge grain sales to the Soviet Union, raised the paper value of farmheavy borrowing to finance

figures show that the farm population dropped by about im between 1980 and last year, to its present level of 5m.

In the EC, where there are nearly Ilm farmers, the crisis has been less marked, partly because the strength of the farming vote has ensured both a continuation of high support and more recently a relatively moderate package of reforms. eless, recent figures from the EC statistical office Eurostat show that farmers'

incomes fell in real terms by nearly 4 per cent between 1986 and 1987. Despite recently rising world prices of grains as a result of the US drought, this is a trend which seems likely to continue as the reforms, ranging from the introduction of milk quotas in 1984 to this year's series of so-called stabi-lising mechanisms on support prices for most other commodities, begin to bite. While the most obvious

impact on supply industries of the crisis in agriculture has been contracting markets, as articles elsewhere in this survey show, there have been marked sectoral variations. The world's principal tractor makers, for example, have had to cope with a market which

fell dramatically at the turn of the decade and still has not

recovered to 1970s levels, even

though sales of tractors worldwide now seem to have levelled out, at about 610,000 units, The loss of markets has resulted in a considerable restructuring of the industry.

Although only one major producer — International Harvester — has withdrawn completely, there has been a massive movement of US production to Europe, a major push for exports and considerable emphasis on the market for mini-tractors, traditionally the preserve of the Japanese. In the agricultural machinery sector, which covers a wide range of equipment from ploughs and drills to milking machinery, some rationalisation has taken place but more seems on the cards. In the EC, the sector involves several thousand tiny producers; there seems certain to be a contrac-tion in these numbers as a result of mergers or acquisitions with the onset of the single European market in 1992. In 1986 in the UK the market fell

cent of their sales due to the imposition of milk quotas. In the \$20bn worldwide agro-chemical sector, where the success of pesticide devel-opment has had much to do

by nearly 20 per cent overall,

though some sectors - for

example, milking machines -have lost as much as 50 per

with increasing yields, the decline in markets as a result of the farm crisis has been much less marked. The growth of the industry is predicted to slow to around 3 per cent over the next two years, compared to the 4 per cent a year increase which it has achieved

over the last 15 years.
Over that time, there has been a marked increase in the size of companies involved in the agro-chemicals sector. partly because of the costs of developing new pesticides. One successful product can cost as much as \$50m to develop.

Meanwhile, increasing concern within industrialised countries of the effect of pesticides on the environment partly explains one of the most interesting new developments-which has characterised the industry over the past couple of years - the acquisition by agro-chemical and agri-business conglomerates of specialist seed businesses. ICI, Univer and Bookers within the UK have all recently acquired seed breeding companies, at least partly with the intention of breeding disease-resistant

Two other sectors which have been hit by the downturn in farming, though in different ways, are the fertiliser and the animal feed industries. In the

former, one of the problems has been that while markets bave declined as farmers have cut fertiliser use to pare their own costs, the resulting over-capacity has coincided with increasing competition from Eastern Europe and some Third World suppliers. This has led to a shake-up among Europe's fertiliser companies which is beginning to produce a leaner, less labour-intensive

Agricultural Supply Industries

and more efficient industry. The feed industry in Europe has been particularly badly hit by the imposition of milk quotas, since to cut costs farmers have increased the grass silage fed to cows and drastically cut back on feed concentrates. Additional factors which have particularly affected the UK industry have been the availability of cereal substitutes, such as manioc, which are imported into the EC via Rotterdam and reach the UK at prices considerably below those of more traditional sup-

Once again, a shake-up of the industry is under way, with many small millers and compounders gradually going out of business, a number of larger companies - such as Unilever in Europe - also pulling out, and the remainder undergoing considerable rationalistation.

There are a few bright spots in all this: agro-chemical com-panies, for example, have hopes of good Third World markets, while several of the largest agribusiness companies are becoming involved in the new bio-technology, which may yet - if at great cost - make the increased yields achieved over the past 20 years looked minuscule.

Some feed companies are beginning to diversify into higher margin products like pet foods. Some agricultural merchants - which in the UK have declined in number from 2,500 post-war to well under 1,000 today - are managing to corner part of the burgeoning garden supplies market.

With the decline of the traditional agricultural merchant and the increasing sophistication of farming and expense of farming machinery, new opportunities are opening up in the UK and elsewhere for farm financing companies, often linked to banks and involved in the leasing of farm equipment

But the factors lending uncertainty to the scene outweigh those more hopeful signs. The US drought is a reminder of the maverick effects of the weather on agri-cultural business for while world grain prices have been driven up, sales to US Mid-

West farmers have dropp sharply. Those increased prices may temporarily persuade EC or US governments to ease up on farm reforms, but the financial pressures which gave rise to those reforms in the first place could well return with a vengeance in a year or two if response to the higher prices.

It is far from clear at the moment whether much will be achieved in the current round of the Gatt negotiations aimed at reducing the distortions in world farm trade which have been mainly caused by the industrial nations' subsidies. But if trade is not liberalised. the outlook for farm exports to the Third World from the EC or the US is gloomy.

As a recent report from the International Wheat Council made clear, developing country markets seem unlikely to offer much room for expansion because while some of those countries will themselves produce more of their own food requirements, others will be prevented from importing because of their increasing illiquidity and debt crises.

For the time being, the worst of the early 1980s crisis may have passed for the agricultural supply industry, but that is far from an assurance of a



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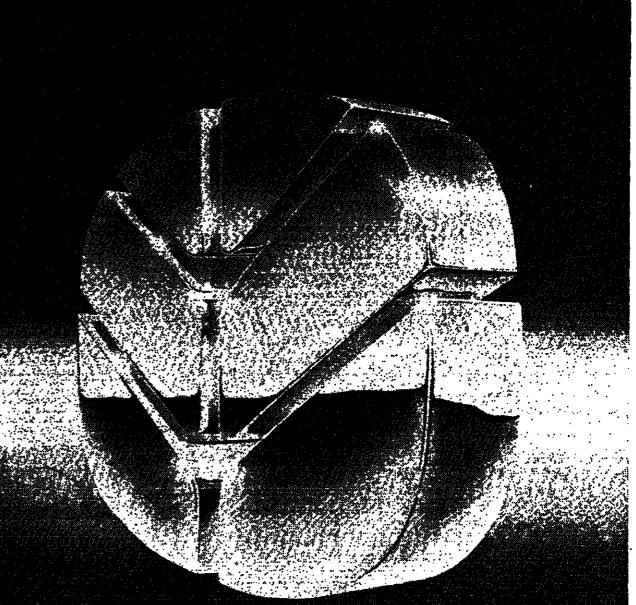
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Techniques that promise benefits may be harmful

THE GREEN cow provides perhaps the most compelling image of what the new science of biotechnology has to offer

Green cows would operate more or less in the same way as plants in converting directly into energy, and, in the case the animals, into meat and milk of use to humans.

At the moment of course cows, along with other herbivorous animals, have to gain their energy through the time-consuming and messy procedure of eating grass and similar vegetation.
Such substances have

already obtained their energy from the sun by the action of bundles of biological material called chloroplasts which are present in their cells.

If scientists could somehow manage to incorporate these chloroplasts (which are at least partly responsible for plants greenness) into the cellular structures of cattle, then the animals would no longer depend on good grazing condi-tions but would merely require a source of sunlight in order to grow fit and healthy.

The human race could similarly benefit. If men and women had chloroplasts implanted into their skins, they could conceivably grow and develop without much need of food so long as they were exposed to plenty of solar

Such a scenario could do a lot to solve the world's food shortages. It could also give a boost to travel companies sell-ing package holidays to the earth's sunnier regions.

Green cows or sheep do not exist - not yet. But, armed with modern techniques of molecular biology, scientists may be able over the next few des to produce such creatures or others transformed from today's animals in similar

The changes that these steps might bring about could materially change the way agricul-

ture is organised. Biotechnology, which encompasses a set of laboratory methods by which researchers can alter the genetic structures of animal or plant cells to change fundamentally the way they develop, could equally

Bentall Simplex Holdings is a British group of companies

serving the agricultural market place both at home and

internationally. Unashamedly patriotic, it manufactures almost entirely in the UK using

British materials wherever

now comprises eight

possible. The group has seen rapid growth since 1985 and

companies.
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development in all its areas of

activity is paramount. The groups aim is to provide high quality products to fulfil the current needs of the market at

the most competitive price point. This principal has been

persued with all the industry the groups symbol "The Ant' suggests.

The company certainly has

an impressive pedigree and can trace its origins to the middle part of the 18th century when the founder William Bentall designed and manufactured the 'Goldhanger' plough. This

important contribution to the agricultural and industrial revolutions was the 'state of art'

plough now so familiar. In fact

it remained in production until 1947. Today the Company

edifibitient nuffilind the latest broades wechnera and

technology and looks forward

recognises its roots but provides machinery and

to prosperity into the 21st

many parts of the developed world are already trying to change plant cells so that they develop particular resistance to diseases or insect attack.

Thus, plants such as wheat or maize grown with this immunity inbred into them

points out, the scientific methods involved are so new that there is little understanding of the risks that may be involved. The report from the Office of Technology Assessment, a research arm of Congress,

surrounding the initial attempts to release genetically

If men and women could grow and develop without much need of food so long as they were exposed to plenty of solar radiation, that would do a lot to solve the world's food shortages

could develop virtually unimpeded in even the most difficult farming conditions, greatly reducing the need for les and possibly adding significantly to the world's food production.

The new techniques, however, may also lead to pitfails. Many observers, representa-tives of environmentalist groups in particular, are wor-ried by the potential conse-quences of changing in such a large scale fashion the way that plants and animals

There have been fears that tinkering with the genetic make-up of such organisms engineered organisms into the environment have pointed out gaps in knowledge about ecological systems....

"Interdisciplinary pro-grammes involving microbiologists, geneticists, ecologists, evolutionary and molecular biologists, epidemiologists and ors....are critical to developing the scientific foundation for setting adequate risk ment and risk management policies for biotechnol-

The companies which are involved in genetic techniques to alter by molecular biology the characteristics of either

Changing the behaviour of mice could hasten the development of drug for illnesses like cancer, but it involves difficult choices about the ethics of introducing new genetic systems into animals

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Marshall tractors is the only remaining entirely British tractor manufacturer.

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recently been despetched

could lead to the accidental propagation of man-made cellu-lar material that could possibly

This could happen if, for instance, the biological fragments produced by genetic engineering somehow were able to colonise within parts of the human body and develop there, possibly interfering with humans' own reproduction and growth mechanis

As a recent US report on genetic transfers of this type

plants or animals include many of the chemicals and nharmaceutical concerns such Monsanto and Du Pont of the US, Hoechst and Bayer of West Germany, Britain's Imperial Chemical Industries and Switzerland's Ciba-Geigy.

Among the schemes which have started up in recent years are projects by several US com-

panies, including Monsanto

and International Minerals and

somatotropin (BST), a geneti-

cally engineered substance that could alter the milk production mechanisms in mammals, causing cows greatly to increase their milk yields. Applications for BST have yet to take off, at least partly because environmentalist

groups have raised objections to the use of the substance. There has also been a read tion from some observers that milk production in many countries, including much of Europe, is already well above demand. Hence artificial stimulation of cows' bodies to produce the stimulation of cows' bodies to produce the stimulation of cows' bodies to produce the stimulation of the stim

duce still more of the liquid might not be appropriate. Other possibilities raised by biotechnology include genetic techniques to alter the protein manufacturing characteristics of animals such as cows or s. Such work could make it possible for these beasts to become miniature drug-production plants, turning out large quantities of proteins such as blood products which are in

high demand as medications. These techniques are being se techniques are being carried out, for example, at Integrated Genetics, a US company, and at Pharmaceutical Proteins, a company which has been formed to exploit work done by scientists at the UK Agriculture and Food Research

Other ideas, which may gradually come to fruition over the next few years, are to change the development behavanimals to make them more suitable for studying how new types of pharmaceuticals oper-ate when infused into animals'

This kind of work, which could conceivably hasten the development of drugs for illnesses like cancer and other crippling human ailments, also involve people in making difficult choices about the ethics of introducing new genetic systems into animals.

The moral arguments are likely to be as persuasive as the scientific ones over the next few years as the debate

Field Testing Engineered Organisms, Office of Technol-ogy Assessment, Washington DC 20510.

Rowlands of Aylsham are the groups'

most recent acquisition. The
Company manufactures a comprehensiv
range of agricultural equipment which
compliments and enhances other group

compliments and ennances ones group product imes. Included in its entensive product range are Bulk storage, outloading and conveying systems, miners, sugers on-floor and secution allo daying systems,

christy Hunt

mnery menuang masse mulning ruipment. Hammer Mills, mixers ing machinery and grinding and roller bruising mills. The company has the benefit of its own

range of tools and equipment for the engineering industry. To

industry. Its impressive catalog includes pulleys, transmission equipment and a host of small

tools which have found a ready place in the hobby and craft markets for home and export

Acquired by the group in April, 1988.
Christy Hunt further expand the groups comprehensive product portfolio with animal feedstuffs machinery including mains hulling

and livestock and poultry

Peter Marsi

ANIMAL FEED

Wide acres/narrow margins

THIS SUMMER'S dramatic rise in the price of soya bean meal is the latest in a list of factors which have adversely affected the animal feed trade in recent years. At one point, in late June and early July, UK feed compounders were paying £265 per tonne (from £165 only a few weeks previously) as panic over the US drought gripped the Chicago markets. Since then, the price has fallen to £200 and been back up to £225 but as the drought continues

markets remain volatile.

Along with fish meal, the price of which has also gone up sharply because of restricted fishing in South America, soya is a major source of protein for animal feeds. It seems likely to hold that position since some animal-based protein sources such as bone and blood meal have been implicated in the spread of disease among cattle.

Maize and wheat prices have risen too, as a result of widespread crop fallure on the North American continent heaping yet more problems on an industry which knows it must be competitive to survive but which continues to be dominated by influences outside its control

Back in 1984, for instance, the imposition of milk quotas caused dairy farmers to cut their use of so-called concentrated feeds previously used to boost milk production. Milk yield per cow was no longer the criterion for profit. Instead, economy of production became the priority and farmers quickly found that this peaked when a cow's intake of home grown grass and silage could be maximised and that of bought-in feeds minimised. Further quota cuts since 1984, which add up to about 16 per ent altogether, have therefore led to an estimated 25 per cent reduction in UK dairy concen-

trate usage. However, not all of that was lost to the compound feed trade. About one third of farmers "home-mix", that is they use cereals they have grown and milled themselves which account for perhaps 60 per cent of a typical feed, purchase proteins and other necessary elements, mix them together and produce their own animal rations. The practice was given boost in 1986 with the introduction of a cereals co-responsibility levy by the EC.

Intended mainly as a price

disincentive to continued over-production of cereals in the Community, the levy, initially set at £3.37 per tonne and last year raised to £3.53, was chargeable on all grain sold from a farm. It was not, howcnarged on a the farm on which it was grown to the farmer's own live-stock. Brussels bureaucrats presumably conceded that it would be impossible to collect alevy on such grain.

In any event, the mere exis-tence of the responsibility levy encouraged more farmers to produce their own animal feeds rather than purchase from pro-fessionals. Between 1983 and 1987 the home-mixed propor-tion of UK animal feeds rose from 34 to 40 per cent. Earlier this year the so-called Stabilis-ing Adjustment was introduced by the EC to take effect from the present harvest and it looked like yet another nail in

compounders' coffins.

The stabiliser, as it has come to be called, is a sliding scale



for cutting the guaranteed price of cereals and will be triggered if, as expected, the European grain crop exceeds 160m tonnes. In simple terms, a crop of 164.8m tonnes will double the levy chargeable on grain sales off farms to £7.06 a

Initially, it appeared that this would provide yet more incentive for farmers to homemix and lead to lost trade to the feed industry. But a recent ruling by the European Court of Justice has stated that pro-vided a farmer delivers a provable quantity and quality of cereals to a feed compounder, consistent with the production of animal feeds later supplied back to that same farmer, the tonnage concerned will be exempt from the levy. The paperwork involved would be horrendous. Even so, the feed trade which will retain tonnage and the farmers who will save £7.06 a tonne are breathing a collective sigh of relief.

Meanwhile, recession in both pig and pouliry production, which has now lasted more than a year and shows little sign of abating, has driven some farmers out of production and led to more lost busine for feed manufacturers. In order to lock in as much trade as possible, some companies have developed and expanded vertically integrated schemes whereby they finance and sup-ply both livestock and feed and the farmer is paid for the use of his buildings and his labour. This trend seems likely to con-

all these pressures, the UK animal feed industry has declined over the last few years. According to the United Kingdom Agricultural Supply Trade Association (Ukasta) the total tonnage of animal feeds sold in the UK in 1983 (before milk motas) was 12.32m tonnes. By 1986 the figure had dropped to 11.19m tonnes - a modest fall considering all the adverse factors. But an unofficial estimate suggests the figure for 1987 will be as low as 10.7m tonnes.

The industry is therefore left with an over-capacity which insiders put at about 20 per cent in spite of some recent plant closures. And the narrow margins of those that are left are illustrated by the fact that the whole UK industry was estimated to have turned in a profit last year of a mere £150m on a turnover of almost £2.2bn. In their quest for cheaper (they would say more competi-tive) animal feeds, compounders have turned to unconventional ingredients. These come under the broad, but to some extent inaccurate, generic title of cereal replacers or CRs.

The CR business began in the early 1970s when Dutch cheapen feeds for Holland's expanding livestock population of cereals into the EC attracted duty, certain products available on world markets could be freely imported. The first they identified was tapioca, or ground manioc root and Thailand became and has remained

As might be	expected.	, given .	The d	usty pov	ider was	ot
	ind Feed					
F	igures ir	i thous	ands of	tonnes		
otal output	1983		1984	1985	1986	·
Ku in a	12,234 :		,10,758 .	~10,420·	11,194	,
Germany —	17,726		17,219	16,669	18,478	* *
letherlands ·	15,417		16,040	~ 16,217 ·	16,533	
rance	15,202		14,968	_ 14,721-	15,366	
leigium ·	5,072		5,015	5,021	5,078	
aly .	11,257		10,861	10,600	10,970	- ·
lensterk	4.512		4.215	4,326	4.535	
relead	2.061	1 :	1.937	2.000	2,425	:
otel	83,492	• •	81,011	79,974	82,579	
	Source	: United Kir	gdom Agricu	Burel Supply 7	rade Associa	dion
						_

Source: United	Kingdom Agricultural Sup	ply Trade Association
EC imports of non- Figures in m	grain feed ing	redients
	1983	1987
Anioc	4,504	6,986
weet potatoes	142	807
ans .	1,958	230
et pulp	529	476
aize gluten	3,586	4,738
ewers' grains	498	853
size germ cake	1,302	2,361
trus peels	1,430	1,652
her	199	347
iak	14,130	18,250

feed containing only 2.5 per cent protein, a little fibre, even less oil and 70 per cent starch. But blended with the correct balances of soya bean meal, fish meal and the like it made up an acceptable cheap feed for Dutch pigs and poultry:
Last year almost 7m tonnes
of manioc was imported into

the EC. In addition, a wide range of other commodities, most of which are bi-products of some industrial process and many of which contain more valuable nutrients than manioc, can also be imported free of tariffs – provided they meet certain quality criteria. Maize gluten, for instance, is

a high quality bi-product of the starch industry and citrus peel of the fruit industry. Collectively, importation of CRs in 1987 added up to a total of 18.25m tonnes. Of that less than 10 per cent came to the UK, partly because many British compounders say they pre-fer to use more "respectable" ingredients, but mainly because Holland still domi-

nates the trade. The bulky material arrives in enormous cargo ships which only ports like Rotterdam can handle. By the time Dutch merchants have transhipped the commodities, added their profit and sent them across the North Sea, they are no longer attractively priced. So when British animal nutritionists feed the analysis and price data of such products into their computers to calculate least-cost formulations CRs are less preferred than in some other EC countries.

Dutch animal feeds, on the other hand, and increasingly those in Italy and Spain, as those countries improve their port facilities to take CRs, are being supplied to farmers considerably cheaper than those in the UK. It could be argued that British livestock farmers are at European colleagues. It also heips to explain why sales of compound feeds in some other EC countries have remained stable while those in Britain have declined.

Cereal growers, meanwhile, predictably seek to limit or ban he importation of CRs into the Community. Prohibit them, they say, and the perceived annual cereal surplus of between 30m and 40m tonnes would be reduced by at least

year's EC farm prices, the Council of Agriculture Ministers presumably conceded that there was some point to this arguments in any event, they banning what have become politically sensitive imports but of paying a premium on European grown grain included in animal feeds in order to make it attractive compared with CRs. No decision was made, however and the proposal was put aside until October when it will be

discussed again.

Meanwhile, the animal feed trade in general, after being repeatedly squeezed in recent years, is probably more effi-cient now than it has ever been. In spite of that, over-capacity in the industry com-bined with intense competition for declining tonnages will almost certainly lead to busi-ness failures in the short term. David Richardson

FARM MACHINERY

A taste of things to come

beginning to worry Europe's farm machinery makers. An industry fragmented into literally thousands of tiny producers with only a few major suppliers, it looks ripe for rationalisation.

"You could see a situation where one company decides virtually to corner the market in one type of product by pur-chasing other companies in other countries or forming alli-ances," says Mr Chris Evans, economist at the UK's Agricul-tural Engineers Association which represents British-based agricultural machinery and tractor makers.

A few cross-border shifts have happened aiready. Three years ago, Fiat of Italy acquired Braud, a French manufacturer of grape harvesting machines. Last year Electrolux of Sweden purchased the farm machinery interests of UK company Ransomes Sims and

This year Greenland of the Netherlands, a manufacturer of ballers, fertiliser spreaders and other equipment, negotiated a co-operation agreement with Deutz, the West German tractor and farm machinery maker. Greenland's Vicon division in Canada had purchased ear-lier this year the bailer and rotary combine activities of

Massey-Ferguson, part of the Canadian Varity group. All this could be a taste of things to come. Some countries are going to lose out if the European industry goes through a major convulsion and some observers believe the UK could be in a weak posi-

In the UK the agricultural machinery sector includes 300 companies, half of them employing 20 people or fewer. Many of these companies have been thinking hard about the likely impact of a more open machinery market 50000 of machinery market. Some of them are discussing possible mergers and alliances, though as yet nothing concrete has

The UK is an example of the

iser spreaders and planting equipment from the AC Bam-lett group which had gone into receivership. (It followed this up last year by purchasing the conventional drill range made her Rettingen.) by Bettinson.)

The UK market did not fall so steeply last year but that did not prevent another surge

in the UK by purchasing lines

from a number of companies.

It took the pneumatic fertil-

Some countries will lose out if the European industry goes through a major convulsion in 1992 - and the UK could be in a weak position.

way pressures in such fragmented industries lead to domestic reshuffling of compa-nies. What tends to happen is that the sale or collapse of companies results in plant rationalisations but product lines live on in the hands of other firms with the cash to buy them.

The resilience of product

ranges was demonstrated par-ticularly by the industry's two hig failures — in 1980 that of Howard Machinery whose rotavator is now made by other companies and Weeks which was the UK market leader in trailers when it went down in 1984.

Change has continued in the UK. In 1986, the machinery market tumbled by 18 per cent and a number of companies alid into receivership. There was also a rash of ownership shifts. The Wolseley group, which has seven farm machin ery businesses, confirmed its status as the biggest producer

of management buy-outs and agreed company purchases.

The industrial holding group, Hestair (which owned the Bettinson range) got out of the business altogether. One of its main operations, the seed drill maker Stanhay-Webb was bought by its management.
Wright-Rain, a Hampshire

irrigation equipment maker, was also subject to a manage-ment buy-out as was Javelin Irrigation which makes similar products. Unlike tractors, which made

more than a £200m positive contribution to the balance of payments last year, the UK is a net importer of farm machinnet importer of farm machinery. Out of total sales of £278m last year for agricultural machinery (which excludes wheeled tractors), £161m was exported, according to association figures. But imports stood at £207m.

Any failure on the part of Britain's farm machinery sec-tor to defend even its existing

position will worsen that situa-Some things have worked in Britain's favour as a manufac-turer. The association says

exchange rate movements and improving labour relations in the UK have helped many Brit-ish companies become far more competitive. The result has been greater pressure on

Last year, for example Brit-ish and General Tube, importer of Baner irrigation equipment, went into receivership. But the UK suffers from having one of the smallest domes-

ing one of the smallest domes-tic markets in comparison with its main European rivals. This is partly because of the rela-tively large size of its farms which works against the use of many small types of farm equipment. In the past 10 years the British machinery market has shrivelled by 40 per cent. At the same time, Britain's position as a producer nation position as a producer nation has weakened. The closure at the end of the 1970s of Massey-Ferguson's production plant in

vester manufacturing. The sale last year of Ran-somes Sims and Jefferies' farm

deswell - looks as if it will eventually lead to this production moving to Sweden. More cross-border acquisitions in Europe could lead to much more rationalisation of this type.

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PHAIL MAN

Kilmarnock, Scotland took Britain out of combine har-

equipment business — which includes the only British plough making operation apart from Warwickshire-based Dow-

Nick Garnett





The remarkable resilience of the world tractor industry

world tractor market appears Industry sources say sales of

wheeled tractors last year and in 1986 totalled about 610,009 mits and that this year they could be marginally higher. This is still a relatively small number, even in comparison with 1985. In that year 685,000 units above 35hp were sold in the western world, excluding the Japanese market for tracture under even

Nevertheless, stability is almost a heaven sent condition for an industry that has been bruised and hattered by some of the most severe trading con-

ditions endured since the end of the 1970s by any manufac-

have forced the pace in a par-tial restructuring of the indus-try. This has principally involved the withdrawal of one major manufacturer, Interna-tional Harvester, from the scene in 1984 and a massive removal of production capacity by North American producers

from the US to Europe. Two further pressures have been exerted on the industry. One of these is the tremendous growth in sales of mini-tractors, ranging from small grass-cutting equipment to 30hp models that look exactly like a smaller version of a full-size

The minis have traditionally been the preserve of the Japa-nese. The success of these machines has resulted in a range of alliances between western tractor makers and Japanese companies. The Japa-nese supply these machines, for example to Ford New Hol-land, Massey-Ferguson and John Deere which sell them under their own brand names

and in their own livery. The second pressure has come from the sheer resilience



chased by J I Case - hardly anyone has dropped out. Some companies are stateowned or partially state-funded, like Renault in France and Steyr in Austria. Others, like Deutz in West Germany, have traditionally viewed trac-tor making as a mainstream

At least for the time being, this resilience will be a contimning feature of the industry. Many tractor plants, especially in Europe, are very busy because of the easing of the

The sales pick-up in the US in the first half of the year has been hit on the head by the Mid-West drought, potentially more serious for Deere— which has hig sales volume in the North American corn belt than for other producers.
 But improving demand in the Third World is keeping overall

sales up.
In the UK, possibly the western world's largest manufacturing supply source of farm tractors, factories of some of the big North American makers are running at full manned capacity.
Nevertheless, there is some

jockeying for position in Europe. Last year Deutz, the West's sixth largest tractor maker and No 2 in West Germany after Fendt, signed a joint marketing and manufac-turing agreement with Mercedes. Some observers believe this will mark the end of tractor making at the main Mercedes plant in Germany and

the eventual disappearance of the Mercedes brand name, MB

The opening up of the Euro-pean market in the 1990s could push the industry into more rationalisation. The big North American companies which have manufacturing sites in a number of European countries believe they will be in the best position to exploit this change. The main European suppliers will be out to prove them

A peripheral issue has been the slow emergence of the Jap-anese in normal-sized farm tractors. Kubota has a plant in Spain making machines up to 85hp. Iseki has indicated that it might follow suit with a European production base.

European and North American makers are not taking this too seriously for now. The Japcost differences and the rela-tive state of currencies. Deere, while operating a production plant in West Ger-many, has maintained far more

of its production in North America. However, it does now bring in a large number of small tractors from Japan.
Ford, which thought about
getting out of the industry in
the early 1980s — with a rumour that Deutz and one other company made a bid for its tractor business - has been

horsepower, four wheel drive market for the first time.

Tenneco has been doing just the opposite, however, selling off other assets, like its insur-

Massey is the world's largest tractor supplier - for 25 years on the trot. Last year it mar-ginally increased its penetration to 18.5 per cent.

dependency on all types of farm equipment to around half its total sales. It has also been easing out of some types of machinery. For example, it has put its main combine harvester business into a separate com-pany in which it has only a minority share and recently sold off its Canadian baller

operations. spending a lot of money devel-oping new high specification mitment to the tractor market.

getting deeper into the farm supply industry. In 1986 it acquired the New Holland harvesting equipment and combine maker from Sperry. Last year it bought Versatile of Canada, taking the US company into the high

Many observers thought that Tenneco, Case's parent, would be tempted to get out of the business altogether, even after purchasing International Harrester's tractor (and construc-

But Massey's parent has been reducing its overall

production to Basildon, England, largely completed this process. These moves were largely the result of production AGROCHEMICALS

Pesticides - the high cost of safeguarding the environment

IN THEORY, the going on against weeds, insects cides both work properly and that confer resistance against ers expecting they will attain agrochemicals industry has and plant diseases – the three are safe. The second point has disease or insect attack. much to offer in terms of improving the world's food production. Yet at the same time it must contend with many difficult external circumstances greatly reducing freedom of action within the business.

People in the \$20bu a year industry point out that even with today's highly developed farming techniques, the battle to improve agriculture's efficiency through crop protection chemicals is far from won.

There is still a hig fight

CAVE SING

)me

hasic elements whose negative effects agrochemicals are three factors, even in the advanced agricultural economies of the US and Western Rurope, reduce the volume of harvested crops by about 25 per cent for basic plant types such as barley, maiza, wheat

and oats. However, the crop protection industry must contend with increasingly stiffer regulations

become more important in recent years as a result of the upsurge in public conscious-

Another possibility is to engineer similar resistance in crops such as wheat or maize

Another cause of satisfaction, from a scientific point of

view, for many agrochemicals companies are the advances in

spraying techniques and also in toxicology testing that have emerged over the past decade.

These have meant it is possi-ble to apply to fields smaller, more carefully instead quanti-

ties of pesticide, reducing the

Since the 1970s, for instance,

the sensitivity of instruments for detecting these substances has increased by a huge

degree, making it possible to

detect as little as I nanogram

(0.000.000.001 gram) of a pesti-

farmland.

cide which is sprayed on to

Despite these advances, in

the agrochemicals sector there is an air of uncertainty about

the future, with many produc-

environmental effects

anese have not made much

headway around the world in

large tractors.

A major attack on the mar-

ket in New Zealand in the

early 1980s produced results,

but then petered out. The rea-

son, say western manufactur-ers, was that Japanese tractors tended to come with lighter

duty components. A Japanese

move into North America by Kubota in large tractors has been a slow and painful experi-

ence for the Japanese com-

The main focus of change

within the industry has centred on the four main North

American producers, Massey,

Ford, Case and Deere. Their

responses to change in the industry have shared some

themes but there have also

The former three companies

have either halted the manu-

facture of tractors in the US

altogether or cut production there to a fraction of previous

levels. Ford's closure in 1986 of

its tractor plant at Romeo, Michigan and the transfer of

been a number of differences.

From the laboratory bench to a product that is on the market can take 10-12 years

ness about the effects of chemicals on the environment.

Despite the progressively tougher licensing rules drafted by public authorities to ensure hat agrochemicals have the minimum effect both on humans and on animal life in the countryside, there are con-tinued fears about the degree to which even tiny amounts of

the degree of safety testing which they demand, it can take agricultural tractor parts 10-12 years for a new pesticide to emerge from an idea at the laboratory bench to a product that is on the market. The leading U.K. supplier of replacement ctor parts, specialising in MASSEY-FERGUSON, PERKINS, FORD,

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against the action of particular herbicides (weed killers) which, in the way they are currently used, frequently destroy both weeds and healthy crops alike, limiting their applica-

Owing to these possibilities, many of the big agrochemical producers are setting up divisions to work on ways of pro-pagating into seeds, using the latest techniques of genetic pesticides work their way into the food chain, with undesirengineering, the biological ele-ments that would produce the required characteristics. Comshie long-term consequences. Because of these rules and panies adopting this approach include ICI, Ciba-Geigy and

Such companies believe that in a decade or so, a large pro-portion of the revenues they The cost of developing a new chemical for an agricultural derive now from selling agro-chemicals that are sprayed on to fields will be replaced by application may amount to \$50m, which explains why the big agrochemical companies such as Ciba-Geigy of Switzerland, West Germany's Bayer, Du Pont and Monsanto of the US, Rhône-Poulenc of France and Britain's Imperial Chemical Industries commonly sales of seeds guaranteed to produce huge quantities of plants immune from the effects of diseases, insects and weed-

Companies active in trying to confer resistance to crops, cal Industries, commonly spend 10 to 15 per cent of their against specific weedkillers include Monsanto, Bayer and pesticide sales revenues on research and development. Hoechst of West Germany. All are attempting to find the most efficient way of protecting plants against the effects of the The pressure of the environmental regulations, together with a generally difficult cli-mate for the farming basiness herbicides which these compa-nies themselves make - the in many Western countries, products are Roundup, Sencor has led in recent years to some disenchantment with the agro-chemicals business on the part of many big companies which had previously seen it as a and Rasia respectively - as a result of which applications and sales of the materials could be increased considera-

PPG industries, Union Car-bide and Stauffer, all of the US, have all guit the business over the past few years, selling their agrochemical interests to Chevron of the US, Rhône-Poulenc and ICI respectively.

At the same time, many who are still in the business reckon prospects for the future are bright, as a result of scientific advances on the horizon which promise to increase the usefulness of plant protection prod-ucts while ensuring that their effect on the environment is

relatively smail. One of the plus points for the industry, according to Dr Alan Hayes, chairman of ICE's agrochemicals division, is work in genetic engineering which should make if easier to insert into the callular structures of plants biological fragments

sales than in the past. Average annual growth rates in the sector worldwide will be

about 3 per cent over the next two years, according to County Natwest, the UK stockbroking firm, which contrasts with the 4 per cent average in the 15 vears to 1987. However, this latter figure

hides the fact that sales increases in the early 1970s were much higher, with a marked slowdown during the mid-1980s as a result of adverse farming conditions and agricultural over-capacity in many

One area where industry analysts believe the sector could see significant expansion is sales to the Third World, where agrochemical use is currently relatively small. Asia
and central Asia, while they
have many food problems
which might be reduced as a
result of herbicides, account
for only about one fifteenth of
wateres

MACHINERY

Claas: 1 in Europe

STANDING PROUDLY outside the north German headquar-ters of Class OHG, the leading agricultural machinery producer in western Europe, is a big combine harvester, decked out in the company's colours of

green, red, and light grey.

While symbolising its rise to prominence in the industry – August Class, the founder, pioneered combine harvesters in Europe in the 1930s - the product also highlights the severe problems faced by Class and other producers. The mar-ket has declined in recent years and Claas, like its com-petitors, has had to work hard

to keep going.
"The trough has not been reached in Europe yet," says Mr Gernot Schäefer, the marketing director. By the early 1990s, the total market in western Europe for combine har-vesters is expected to fall to around 10,000 a year from the present 12,000 or so, later dropping to between 8,000 and 9,000. "Then," hopes Mr Schäefer, "the bottom limit of capacity will have been reached and things should improve."

The reasons for the decline are various. For one thing, the machines have become far more efficient over the years. The average combine harvester of 15 years ago had only about 40 per cent of the capacity of today's machines, which cost anything from DM60,000 to DM260,000. Secondly, the increasing size of farms has led to a steady concentration in

the use of combines. The structure of the world agricultural sector has also changed to the disadvantage of producers like Claas, the only significant company in the European industry which is not part of a larger group. "The

also the biggest agricultural producers, are all organised so that they over-produce," says Mr Georg Gickeleiter, the director responsible for produc-tion and development.

"Ten years ago, it was possi-ble to sell these surpluses." Today, however, several developing countries have become self-sufficient and even exporters of farm goods, competing with European and North American producers. "Thus our customers are put under enormous price pressures," adds Mr Gickeleiter. For Claas, the results can be seen all too clearly. Whereas combine harvesters, in which Claas is Europe's market leader, with a guarter of total sales, made up 85 per cent of turnover in the mid-1960s, they now account for just over half.

The rest of Claas's diversi-

fied farm product range includes conventional and round balers, forage harvesters, green harvest machinery and sugar cane harvesters. The family-owned concern has five plants, four in West Germany and one in France, with extensive dealer and service net-works in its home and foreign markets. Its business is pre dominantly in Europe, with Germany accounting for 25 per cent of turnover in its 1986-87 financial year, the rest of west-ern Europe for 57 per cent and eastern Europe for 6 per cent. Other markets, mainly in North Africa, South-East Asia and the Caribbean, contributed 12 per cent.
Illustrating the size of the

problems faced by Claas and its competitors, turnover fell by nearly 11 per cent to DM900m (\$485m) in the finanexpects a slight improvement of around 5 per cent. It also expects to return to profit after showing a net loss in 1986-87 of DM7m compared with a profit in the previous year of DM17m.

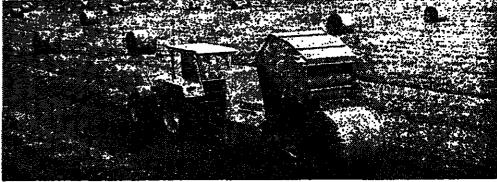
At the operating level, stresses Mr Schäefer, Claas was in the black last year. The reason for the slide into losses was the cost of its restructuring programme. The company's strategy is to extend its agricultural product range fur-ther, having already diversified beyond combine harvesters, as well as to build on its expertise in production technology and engineering for other industrial sectors, such as motors.

Part of the restructuring has involved a reduction in the workforce of at least 1,000 people to 5,400. Most of the labour was shed through voluntary was shed through voluntary measures such as early retirement and non-replacement of those leaving. Actual redundancies totalled about 200 people. In the preceding years, Class invested heavily on plant modernisation, thus improving the efficiency of its production

considerably.

If Claas had not put itself through the painful restructuring process, it would be less well-equipped to deal with the difficult market situation, its executives stress. "Companies have to learn to live with lower volumes," says Mr Schäefer ruefully. "We can't expect the volumes to return." Of one thing, Class is certain, how remain independent. The Class family, one member of whom is chairman, has no intention of

Andrew Fisher



FERTILISERS

Drought is a

AS A result of the topsy-turvy economics of the agricultural industry, the drought currently causing much consternation in the US is likely to bring a silver lining to the US fertiliser business, the biggest in the

Due to the loss of crops likely to show up in this year's harvest, farmers will probably greatly increase the number of acres they replant next spring,

according to the Washington-based Fertiliser Institute, which represents 320 companies with an annual fertiliser output of about \$7bp. According to estimates in

the industry, planted crop acres in 1989 in the US could be up by as much as 12 per cent on this year's figure of 319m acres, leading to bonanza times for fertiliser makers.

Any boom in demand will be welcomed by the industry which, like many branches of the commodity chemicals business in the past few years, has been hard hit by restructuring

capacity.
In the case of the US fertil-

iser business, last year's \$7bn production was well down from the \$10hn sales in 1980. Domestic consumption of fertilisers – which are mainly mass produced chemicals such as potash and urea containing substances such as potassium, nitrogen and phosphorous -declined from 54m to 43m tons in 1987.

The problems in the US were made worse by the turmoil experienced by the US agricultural industry as a result of over-production and farmers being given government incentives to reduce acreage.
According to the US Fertil-

iser Institute, however, the worst of the difficulties affecting the industry are over. Most of the big companies, which include IMC Fertiliser, Free-port McMoRan, CF Industries, Chevron, and Cargill, have cut staff and made production lines more efficient. And, as a

result, they are making better profits than was the case a few

years ago.
In this regard, a similar position exists in Europe - where fertiliser makers have been hard hit not only by similar problems of over-capacity and doldrums in the agricultural industry, but also by a wave of cheap fertiliser imports from other parts of the world such

as the Eastern bloc nations. In Europe, as in the US, most of the big companies, which include BASF of Germany, ICI of Britain, Norway's Norsk Hydro, DSM and Kemira of Holland, and France's AZF, say they have been appropriate to the base of the they have got over the harsh-est difficulties and are in better

shape to face the future.
Only time will tell, however whether a business which has always tended to be dismissed as the country cousin of the of its had patch and turn again into a growth industry.

Peter Marsh

AGRICAPITAL CORPORATION AGRICAPITAL SECURITIES INC.

For information contact: David M. Key

Vice President 420 Lexington Ave., Suite 1925 New York, NY 10170

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Tuesday September 6 1988

Future of the TUC

THE SIGNIFICANCE of Government.

Britain's Trades Union Congress is diminishing. Like the and some of its content of the congress of the congr American Federation of Labor/ Congress of Industrial Organisations (AFL-CIO) before it, it has been unable to stem a decline that has accompanied the fall in employment in smokestack industries. As with the Americans, the TUC's constituent unions have been unable to take full advantage of the concomitant growth in jobs available in technological and service companies. As in the US, the British trade union movement has been weakened by the actions and attitudes of a conservative government. In the British case the downfall has been the greater for the dizzy heights of power to which the unions aspired dur-

ing the 1970s. This long-term decline is of more significance than the drama that marked the opening yesterday of the annual convention of the TUC with the expulsion of the EETPU electricians' union. As to the immediate issue, expulsion was the only realistic course that the TUC could take, given clear what greater raison d'etre there is for the TUC than the settlement of disputes between member unions, and the EETPU declined to accept a pair of adjudications that went against it. If the Congress had accepted that, it would have lost all disciplinary credibility.

Changed world

Unfortunately for the TUC, the expulsion will be widely interpreted as a further sign that it cannot adapt itself (and by implication its member unions) to the wholly changed world in which it must now operate. The electricians have skilfully presented themselves as the modern union, willing to conclude single-union deals. clauses, in a spirit that recognises that the interests of employees are best served when the enterprise for which they work is profitable. The TUC is widely regarded as a troglodyte organisation, for whose activists capitalism is ferences with employers or the it.

Union of Communication Workers in a dispute that is unlikely to endear either the UCW or unions in general to the public. As matters stand, all this may be exacerbated tomorrow when the TUC debates the Government's Employment

The behaviour of the TUC

and some of its member unions

over the past few years has done little to counteract this

view. It was of no real help to

anyone during the miners'

strike. Its role in the recent

seamen's strike was unclear.

This week it seems powerless to influence the actions of

either the postmen or their

Training scheme. It is a scheme with several defects, but its overall purpose is to increase employment opportu-nities for the long-term unem-ployed, particularly those aged 18-24. The TUC is in danger of deciding on a policy that is at best sourly neutral, and at worst negative. This could damage the ET initiative, and with it the employment pros-pects of those whom it was intended to serve.

To cap it all, studies published last week provide fur-ther evidence that while trade unions do usually win higher rates of pay for their members, they do so at the cost of jobs. Non-unionised companies tend to be more productive, and more profitable. They are more likely than their unionised competitors to take on new recruits, and less likely to seek

reductions in their workforce. The TUC is aware of its poor ous criticisms of the type made above. Its special review body, whose report Congress approved yesterday after expel-ling the EETPU, is evidence of an internal anxiety to present a public face that is as modern and forward-looking as that of the electricians. The review is not against single-union deals although it is wary of no-strike clauses. It understands the need to win acceptance by employers as well as employ-ees. It knows what has to be

Malaysia and Singapore

FEW DEVELOPING countries have enjoyed the political stability of Malaysia and Singapore since they became independent – Malaysia from the British in 1957 and Singapore from Malaysia in 1965. But both have recently fallen victim, in varying degrees, to the virus of authoritarianism and in each case the result is likely to be a change in the nature of government

The problems are much more severe in Malaysia where the country's democratic insti-tutions, notably the judiciary, are being threatened. Datuk Seri Dr Mahathir Mohamad, the Malaysian Prime Minister, and his ruling new UMNO Party recently suffered a humiliating by-election defeat. In Singapore at the weekend, Mr Lee Kuan Yew's ruling People's Action Party scored another landslide general election victory, but collected its lowest proportion of the vote in 25 years.

Mr Lee now intends a consti-

erable executive power in an elected president - and nobody is offering decent odds against him being the first holder of the new office. In Malaysia, since October last year there has been a sharp increase in the powers of the executive. The once fiercely independent judiciary has been under attack and Malaysia's most senior judge has been sacked. The media have been subjected to stringent restrictions, and a revision of the security laws means that Malaysians may be imprisoned without trial for an indefinite period. The leader of the main opposition party is detained under these laws.

Bitter struggle Part of the explanation lies in a bitter struggle for control of UMNO, the dominant Malay political party which has headed the ruling coalition since independence. In party elections in April last year, Dr Mahathir narrowly outpolled his rival but his opponents claimed electoral malpractice and took the battle to the courts. In the ensuing contest both UMNO and judicial independence fell victim to Dr Mahathir's fight for survival and the party was irrevocably suit

split.
There is a wider danger in

Malays, who comprise about half the population, and the Chinese, about a third, depends on the presence of a united Malay party which can give expression to their numerical superiority and which can offset the economic pre-eminence of the Chinese. The bloody eth-nic riots of 1969 and the ten-sions of last October were both preceded by periods of UMNO weakness. The emasculation of the judiciary also removes an effective moderating force.

National vision

However, the consolidation of power under Dr Mahathir also reflects his ambitions for Malaysia. He has long held a wide-ranging vision of a mod-ern industrialised state along the lines of Singapore and South Korea and has sought to introduce a similarly centralised administration, yet with

much less success.

Singapore has built up its economic strength in high value-added products in a very competitive local business atmosphere. Malaysia, however, is more subject to the vagaries of commodity prices. These are working favourably at the moment: the ringgit is competitive and the export-led recovery has widened to bene-fit the tertiary economic sectors. But further structural change, particularly in the industrial sector is necessary for sustained improvement.

A less repressive political climate would also help, and this may be attainable. Excluded from power, Dr Mahathir's rivals may cross the political Rubicon and set up a new political party. This might secure backing from those disenchanted with the weak leadership of the MCA, the Chinese party in the ruling coalition. party in the ruling coalition, and from progressive Malays opposed to the authoritarian drift of Dr Mahathir. While drift of Dr Mahathir. While such a shift away from the communal nature of Malaysian politics would involve a painful period of transition, it could ultimately create the political stability which is vital if Malaysia is to seek to emulate the economic successes of Singaeconomic successes of Singapore. Looking through the other end of the telescope, Mr Lee might also reflect on the virtues of magnanimity and relaxation in victory.

Bridget Bloom reports on the realisation of a conservationist's dream

Breckland

Farming revolution in reverse

helley is a small, rather scattered village which borders the River Brett, a few miles from Flat-ford Mill. John Constable, painter of the mill and of many other Suffolk scenes in the early nineteenth century, might just recognise Shelley today. But next year he would have no difficulty at all, for by then the willow-banked, ploughed fields along the river

car apart, the paved country lane which bridges the Brett, a tributary of the Stour, will then be virtually the only way of distinguishing the view from that Constable would have

what is about to happen to Shelley's landscape is part of a conservationist's dream. Farmers who only a few years ago were ploughing the meadows to plant wheat or potatoes, and grubbing up hedges and wil-lows to make the ploughing easier, are today voluntarily putting the meadows and

hedgerows back.

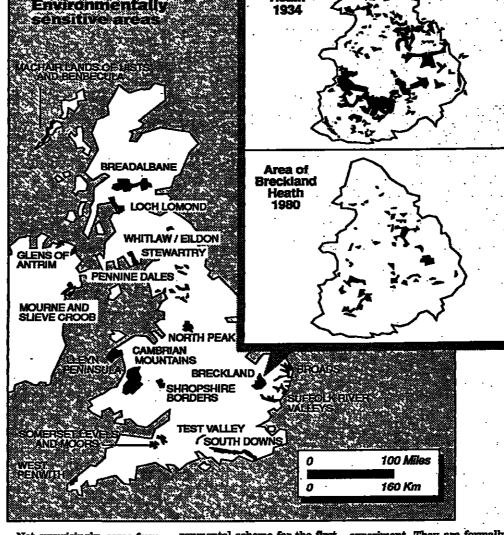
They are doing so as part of a government-sponsored, Euro-pean Community-backed plan which overall covers 2m acres of Britain's farmland. If the plan works well over the next two or three years it, or a variant of it, could be extended much more widely.

The 19 conservation schemes currently being established in areas as diverse as the Suffolk river valleys and the Cambrian mountains in Wales are known as environmentally sensitive areas – ESAs for short. They signal, more than any other single development in the rapidly altering world of farming, the sharp changes which have occurred in Britain's agricultural policie

Barely a decade ago, the Ministry of Agriculture – and with it, the European Commission in Brussels – was still in the "dig for victory" mood of the immediate post-war years. The goal was greater and more efficient farm production. The principal means of achieving this was the high support prices of the EC's Common Agricultural Policy. On top of that came hefty capital grants and tax incentives. These helped make fields bigger and so more easily cultivated with heavier machinery - and fertilised and cleansed with ever-improving chemical mixtures. The damage all this might cause to the landscape or the environment in general was barely considered.

The ESAs are the an

to all this. Though each scheme is different, they all have the same aim - environmentally friendly farming. They enjoin farmers to maintain hedges, stone walls and drinking ponds, to be extremely sparing in their use of chemicals, to plough very little and to graze their livesteels less integrated. stock less intensively. Farming practices are being designed to encourage wild flowers - the weeds of yesterday - as well as a range of wild animals, insects and birds.



ers are confused. Alun and Lynn Thomas, in the Cambrian Mountains ESA in Wales, are not entering the scheme, principally because they believe they can safely run more sheep on their hills than the rules allow. But they also say they have not yet finished paying for their £30,000 sheep shed —

Farming practices are designed to encourage wild flowers — the weeds of yesterday

designed to increase their flock for which they obtained a big government grant.

Michael Mumford, who manages a 400-acre farm not far from Shelley, is enthusiasti-cally entering the scheme, as is John Wilson, with 1,600 acres further north in the Breckland ESA. The irony of the new conditions are not lost on either man: both received grants in the recent past for removing hedges or ploughing where no plough went before.

The ESA plans are an about-

turn for officialdom too. The Ministry of Agriculture is involving itself with an envi-

ronmental scheme for the first time and some officials find it hard to adapt. Others, like most of the young project offi-cers in day-to-day charge of the ESAs, welcome the change. As one said: "I will implement any policy, but it's nice to have one

Popular as the new plans might be with conservationists and, if the rate of applications so far are a guide, with farmers, too - the real significance of the ESAs could be much wider. Their prime aim is conservation. But the less intensive farming which they imply is one obvious way of reducing costly cereal mountains or milk lakes.

As EC financial support for farmers linked directly to production becomes less tenable for both financial and political reasons, so the ESA concept. may become an increasingly attractive alternative. Given political realities in Europe, it seems unlikely that farmers will ever be subjected to a completely free market. But protag-onists of the ESA concept argue that Europe's electors may well find it more accept-able – and probably less costly – to pay farmers to manage the countryside rather than to

produce surpluses. For the time being, however, ESAs are primarily a British

experiment. They are formally little more than a year old, since farmers in the first nine areas only began to apply the rules of the schemes last autumn, and those in the second group of 10 will do so this year. The EC backs the scheme, paying 25 per cent of a bill estimated at £12m for each of the next five years — tiny compared to Britain's share of the £18bn European farm bud-

Today, those most involved in the ESAs seem uncertain as to who started the idea, though the Countryside Commission and the Nature Conservancy Council (the government quangos" which act as its conservation advisers) were mid-wives to the birth, along with the Ministry of Agriculture. The present 19 ESAs were whittled down from an original list of more than 100 suggested by the commission and the

All are voluntary for the farmer. The rules for each scheme vary, since the aim is to safeguard the particular landscapes and wildlife found in each area. In West Penwith in Cornwall, for example, the intention is to prevent farmers abandoning small, windswept farms, with their high-banked fields and poor soils. In the Shropshire borders the aim is

maintaining mixed farming practices which have left a countryside remarkably untouched by the farming revolution of the last 40 years.

In the South Downs and in Suffolk, by contrast, the aim is to make good the depredations of that revolution. That is true of that revolution. That is called also in the Breckland, an area of traditionally sandy heathland straddling the Norfolk-Suffolk border which has increasingly gone under the plough to cereals as well as to irrigated crops like carrots. (The maps show how the area of heathland has shrunk over the past half-century.)

In all the schemes, payment to farmers is worked out according to what they are expected to do — and what income they might have to forgo — in order to conserve landscape and wildlife.
In the Suffolk ESA, for exam-

ple, which covers seven com-plex river systems and the associated coastal farmland, there are three tiers of pay-ment. Farmers who agree to maintain their existing perr nent riverine pasture and to limit fertiliser and pesticides to existing, usually low, levels get £70 a hectare (£28 an acre). This goes up to £180 a hectare for land deemed of special conservation value, such as cer-tain wet grasslands. Here no fertilisers are allowed and strict rules on grazing are applied. Farmers who revert loughed land to grass are paid most: their £200 a hectare is expected to cover fencing, seeding and stocking costs as well as to compensate for lower

In the Breckland, similar rules, with comparable pay-ments, obtain. There is one ers get paid if they leave a six-metre strip around their arable fields permanently uncropped for the creation of wild-life "oases." Alternatively, they may crop the strip, but not use fertilisers or pesticides on it, so that it is useful in game con-

On balance, most farmers eem to think the rates of com-

Less intensive farming is one way of reducing costly cereal mountains and milk lakes

pensation fair, which is no doubt why the Agriculture Ministry reports a high rate of applications for most of the ESAs - as well as why some observers of the scheme ques-tion whether the ministry has set payments too high.

John Wilson is quite typical

of those who have entered the schemes in East Anglia. The Breckland ESA covers about two thirds of his 1,600 acre the nick of time. Land revertarm, which includes the ing to its natural state is provent attractive Black Bourne river. In the nick of time. Land reverting to its natural state is provent ing to have harboured seeds that are up to 40 years old. So might still recapture what

financed to revert them to

Mr Wilson is known locally as a conservationist. He is puias a conservationist. He is put-ting over 160 acres into the ESA, including 14 of his 15 10-acre riverine cereal fields and over 20 acres of game conser-vancy strips. That could bring in some £8,000 a year in grants, but Mr Wilson believes that his additional costs, will some the additional costs will equal the grants, at least for the first three years. He finds only a few small difficulties with the ministry's rules – for example, he needs to cut newly-sown pastures more than once a year, the maximum the rules permit. He thinks, however, that some farmers have been put off by the management bother which the schemes

For its part, the Agriculture Ministry emphasises that the ESAs are experimental. It expects to have to make changes to the rules as time

It is too early to judge the But three broader types of problem are becoming evident. They could become critical if the scheme were extended. First, ESAs are costly. Some people fear that the compe tion offered could rival the

sums now spent on "normal" EC support if the scheme were extended very widely. They are also costly in manpower, to set A second problem stems, parhaps from the last 40 years and the Government. It may well be that this has left farm-

ers too ready to be spoon-fed and the Agriculture Ministry too accustomed to wielding the Certainly, the ESA rules seem to be too tightly drawn for general application. No

ne could be widely applied that needed each farm's tation mapped, as has hap-pened so far in the Cambrian Mountains. There, an agree-ment with one farmer on a few hundred acres can take an official more than a week's work to draw up.

Third, if the scheme is to be

extended, it will not only have to be made simpler, but will have to dovetall more readily with a host of other EC plans - actual and potential - to cope with the changing farming scene. Among these is the new EC set aside scheme, under which farmers in Britain are to be paid up to £200 a hactare for taking land out of careal production. No environ-mentally friendly practices are so far required under that scheme, which has made some farmers decide not to enlist in the ESAs.

But for the time being, the ESAs can be given the benefit of the doubt. As one of the enthusiastic young project officers put it: "We may just be in He admits that 20-odd years that are up to 40 years old. So ago, when wheat fetched £130 a we might still recapture what tonne, he ploughed many of his riparian fields. Now, he says, tion had destroyed."

-22

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A political Prince

■ Prince Paul of Romania has landed himself in an intriguing dilemma. He has just written rather a good blography of his grandfather King Carol 11, published by Methuen. But it came about more by accident than design, and the question is what to do next.

The story of King Carol is so good that it would hard to tell badly. As a British diplomat reported to the Foreign Office in London, "a taste for somewhat indiscriminate fornitation," was a feature of life. cation" was a feature of life among the Romanian upper classes, and Carol had his share of it. Several times he sought to renounce the succes sion rather than be separated from the women he loved. Indeed similarities with the British abdication story run

throughout the book.
Still, Carol was King from
1930-40 and tried to stand out against Romania falling to the Nazis. He died in exile in Estoril in 1953. Paul decided to write the book when papers and letters, long thought miss ing or destroyed, came into his hands a few years ago. He had himself been some-thing of a playboy. He was

educated at Millfield in England and decided not to go to University because, he says, he wanted to get on with life. He has never been to Romania and does not speak the language well. He still thinks in French. Recently, apart from writing the book, he has been running an art business in Madrid.

He is not even the direct claimant, should the monarchy be restored. Ex-King Michael, who succeeded Carol, would have to confirm his renunciation of 1947 when the Soviet Union tightened its grip on

Yet a thought is clearly crossing the Prince's mind.
The book is an reminder that Rumanians had a different history a few decades ago. The

OBSERVER

Ceausescu regime is not popular at home or abroad, and has developed all the characteristics of a despotic and nepotistic dynasty. There are Romanian exiles and intellectuals aplenty outside the country, but no coherent movement calling

for change.
It may be that Paul is being opportunistic in drawing atten-tion to himself and the family history. My own view is that he did not quite realise what he was letting himself in for. He is considering brushing up his Romanian ("there are a lot of ladies who want to teach me") and moving to London.

Exclusive

■ The senior civil servants' union, the First Division Asso-ciation, is looking for a new general secretary with the departure of John Ward to head Northern Opera. Ward himself was a bit of an eccennimser was a on or an eccentric figure by union standards. He learned his trade at the Bank of England, is of Liberal rather than Labour bent and was probably the first leader to address a TUC conference in might flowned. in cricket flannels.
At this year's TUC Congress

the FDA scores a new first. Its delegation, of two people, is comprised entirely of women

— Alex Brett-Holt, the union's
president, and Sue Corby, its assistant general secretary.

Not only that: both were educated at the same place — St

Amne's College, Oxford.

French centre ■ Jacques Chirac and his RPR party are looking a little groggy after their defeat in



France's presidential and legis-lative elections, but Edouard Balladur, Chirac's monkish former finance minister, is pre paring for the next round, with the creation of a new think tank, the Association pour le

Liberalisme Populaire.
The think tank is unlikely to be all that "populaire". Rallying the masses has never been Balladur's style, and he is likely to leave the campaign trail to his former budget min-ister Alain Juppe, now the

RPR's secretary general.

Instead, Balladur aims, with
the help of a group of anonymous civil servants, academics
and industrialists to build up the intellectual credentials of economic liberalism, no easy task in a country which still reveres the arch-centraliser Jean-Baptiste Colbert. He begins today by publishing a French translation of the US supply side economist, Paul Craig Roberts, whom he deco-rated with the Legion of Hon-our a year ago, when he was

still in office.

Sam White ■ Sam White, the veteran Paris

correspondent of the Evening Standard who died at the week end, will be missed on both sides of the Channel not only for his articles, but also for his reminiscences ranging from the pre-war Australian Communist Party (he was proud to have been expelled for "bourgeois bohemianism") to the folbles of ambassadors

and tycoons in postwar France. It was not true, as has been alleged, that White could not speak French, though his accent was certainly distinctive. My colleague, Edward Mortimer, remembers as a junior correspondent for The Times in 1968 hearing him at a press lunch address a long and complex (and somewhat hostile) question to a newly elected extreme leftist member of parliament, Michel Rocard.

Mortimer in his youth abandoned his role as an objective reporter and applauded Rocard's reply. White rounded on him with the words: "Le Times, maintenant, est révolutionnaire..."

Defence costs

Late summer is the time for exercise in the Observer house-hold. More a reshuffle really, since one never knows what will come in useful. But I did notice something odd this time about the late 1950s defence white papers, all of them in their way collectors' items. The 1955 paper cost is. The 1956 paper was is. 3d. In 1957 the price went down to ninepence and in 1958 back to 1s. Something to do with the ups and downs of reliance on nuclear deterrence, no doubt.

Last Lada

■ This must the last word on the subject. "Do you have a new wing mirror for a Lada?"
"Sounds like a good swap"

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UK bilateral aid to Zimbabwe may be conditional

funds" associated with the sup- based on the successes of the

port for structural adjustment programmes in sub-Saharan

This week in Harare Mr

This week in Harare Mr James Rawlings, the US Ambassador, lifted the two-year freeze of US assistance to Zimbabwe by signing a £10m sid agreement with the Zimbabwe Government. Commenting on reasons for the re-establishment of his country's aid programme, the Ambassador said that of greatest importance was "the recognition that Zimbabwe's economy is healthy and dynamic with the

healthy and dynamic with the potential for greater growth

been designed in such a way as

to rule out any possibility of it being used as part of an anti-ballistic missile system.

one-meter wave band, the radar will only be capable of peaceful use, such as tracking space objects. It cannot be used

for advanced warning of mis-sile attack, or for tracking and guiding missile warheads, Any-way, when it finally goes into use the Americans will be able to monitor it electronically

to monitor it electronically.
The US has full knowledge of

these facts - last year a group of American scientists and con-

From Mr Charles Desforges. Sir, Complaints about the units in which the royal baby's

weight and Treasury stock quotations are expressed (Letters, August 16, 24), are

required to use private finance.

Without an asset- or a taxa-tion-base similar to local

authorities, this will be an

expensive form of borrowing. It will result in a reduction, over-

all, of the social housing pro-

gramme, and increases in

who will be most at risk. A new poverty trap is being cre-ated here. Those on full hous-

ing benefit, through unemploy-

ment or sickness, may actually

be better off in financial terms

than the low paid worker (although restrictions on hous-

ing benefit will mean a signifi-

cant reduction in those who fall into the "full housing bene-

This leaves the Government's hopes pinned to the revival of the private rented

housing sector, a hope which has been described by one

important housing organisa-tion as a triumph of faith over

pation when such accommoda-

tion becomes vacant, the sums simply do not add up. I know

of no new rented housing development in the London

area, using entirely private capital, which would be within the reach of anyone on average

Given the incentive to sell off private rented accommoda-tion into lucrative owner occu-

fit" category).

It is the low paid worker

Because it only operates on a

From Mr Roger Riddell.
Sir, Your article (September 1) on the recent report of the House of Commons foreign affairs committee neglected to draw attention to important differences between the com-mittee and the Overseas Development Administration (ODA) concerning the provision of programme aid.

As well as lamenting the low level of British aid, the committee criticised the linking of British bilateral programme aid with the conditionality of the International Monetary Fund (IMF) and "the self-im-

posed constraint on British aid

Mutual freeze in radar construction would build trust

From Mr Adam Shulman. Sir, Andrew Gower's article,
"US presses Moscow on ABM
Treaty" (September 1), covering the attempts by Washington to deflect criticism and put the onus on the Soviet Union for alleged ABM (anti-ballistic missile) treaty violations, cor-rectly pinpoints the reasons behind the actions of the US an attempt to retain a free hand in SDI (strategic defence initiative, or "Star Wars")

US claims of violation centre around the Krasnoyarsk radar station in Siberia, which has

P&O seamen's dispute at Dover

From Mr Sam McCluskie. Sir, The basis of your report, "Sacked P&O seamen lose fallback pay" (September 2), is

wrong. Seamen in dispute in Dover have never been paid fall-back pay from the Merchant Navy Establishment (MNE); nor are they entitled to receive any. Those who remain on strike

are dependent on the financial support given by sympathisers and fellow trade unionists. This wholly inaccurate suggestion that they are receiving money from the MNE is therefore highly trresponsible and damaging to this union's fund-raising efforts.

Sam McCluskie General Secretary, National Union of Seamen,

inappropriate. Despondency is more to the point when reports on Eurotunnel delays (August 23) talk of failure to complete five miles on the English side Poverty trap opens in housing

From Ms Sheila McKechnie, remains uncertain. Your editorial on the Post Office dispute (August 31) includes the sensible and simple statement: "What is also needed is a co-ordinated effort by local councils, business and central government to improve the availability of housing for workers on below average

While I welcome pressure from both unions and employers on the Government to do something about the current housing shortage, many seem blissfully unaware that the Government is doing some-thing. It is called the Housing Bill. Unfortunately it will have almost the opposite effect to the one desired by your leader. The Housing Bill covers all

aspects of rented housing: local anthority; housing association; the private rented accommodation sector. In almost every single respect the proposals as they stand will make it more difficult, not less, for low paid workers to find accommoda-

As a result of cuts of 80 per cent in local government investment programmes, imposed by central Govern-ment, local authorities cannot provide housing for people moving to work in London. The Government's proposals will mean that local authorities' existing housing stocks will be further reduced by transfers to other bodies – for example, housing associations – whose role in providing such housing in the future — 88 Old Street, ECI

comparable size.

albirit 🛊

**;;;_,,

4.5.4.5.

From Mr Mark Dixon. acquisition capital at the dis-Sir, The mergers and acquisi-tions activity implied by 1992 (as discussed in your leader "New target for UK takeovers", August 23) needs to be put into perspective. There is a popular

The US market is not only the IIS than in Europe for attractive to UK companies because of its size, homogenemany years. While UK acquisttions in Europe will probably ity and similar tongue, but also grow fast in years ahead, the because the British have built base levels are of such differup a track record there. It will ent magnitudes that it will continue to be attractive for a take a long time before a trend number of reasons. These

What many forget is that this new-found interest in Europe can only result in an increase in European acquisi-tions at the expense of US of UK companies which acquisitions. The amount of acquired in the US, surveyed

• "Investment inertia" - in .

reaching agreement on certain measures of economic reform with the international finan-cial institutions". It will be of considerable interest to the committee, toother African countries whose programme aid from Britain has been constrained

by dispute with the interna-tional agencies and, not least,

find a solution that both sides

can live with. It has even halted construction on the

Krasnoyarsk radar for nearly a year now, with an additional offer to dismantle it once the 1972 Treaty is being fully hon-

The expectation was that the

US would follow suit and

freeze construction of its

radars at Fylingdales in Britain and Thule in Green-land. However, the US and

oured.

KEEP GONG.

When men and mountains meet

THEY MUST BE ROUND HERE SOMEWHERE

by November."

ence. Charles Desforges,

Charles Figh Trees,

With these problems, the

tunnels may not meet by 1992 (or 5758, or even 1413, depend-

ing on your calendar prefer-

Farnham Common, Bucking-

committee the ODA argued

that further programme aid to Zimbabwe "would depend on the Zimbabwe authorities

ent past".

an in sharp contrast, in its submission to the foreign affairs what action will now be taken.
Will Britain follow its close
ally and increase its bilateral any and intrease its binateral programme aid to Zimbabwe? Or will it still insist that Zimbabwe first complies with the conditionality of the international institutions, which the US, and other leading western donors do not believe is neces-sary for the healthy and dynamic growth of the Zimbabwean economy? Roger C. Riddell

Overseas Development Institute, Regent's College, Inner Circle, Regent's Park, NW1

Soviet Union facilities are gressmen asked to inspect the radar, and were given free rein.
The Soviet Union has tried to compromise in an attempt to clearly not being built with the

same end-use in mind.

A mutual freeze in construc tion of radars by the US and the Soviet Union would be a great step towards building The ABM treaty, currently under review in Geneva, cannot be viewed in isolation. The

future of the treaty is also the future of all arms talks — and ultimately the future of our common home. Novosti Press Agency, 3 Rosary Gardens, SW7

French policy on waste

From Mr Guy Yelda. Sir, In "Trade-offs in poison and poverty" (August 31), you explicitly point a finger at the French Government in connection with a bilateral agreement allegedly concluded with Benin to export radioactive and industrial waste to that country, in return for payment and a promise of economic assis-These accusations are totally

untrue and have already been categorically denied several On the more specific subject of nuclear waste, France's pol-icy has always been to store all her own waste on her national territory, under proven safety conditions and with strict

supervision. Guy Yelda, Press Counsellor, Ambassade de France, 58 Knightsbridge, SWI

Stakes taken in land values

From Mr Henry Law. Sir, Clive Wolman's man's analysis gains would of distortions in the housing market ("The myths of owner occupation," Weekend FT, August 27) has ignored some of the most important reasons why owner occupation has become so popular - not just among householders, but in the business sector also.

First, the desire to be in control of one's own environment is widespread, and not readily satisfied in a rented property. Second, owner-occupation gives a stake in rising land values and protection against ever-rising rents, whereas in rented accommodation the ben-

efits of rising rents and land values pass to the landlord. The Government should not be blamed for trying to ensure that people can have what they want. But, as Mr Wolman points out, there is indeed a lack of equity as between owner-occupiers and those in rented accommodation. However, the balance cannot be restored, as he suggests, by taxes on capital gains and on the imputed rental income of

owner occupation. There can be no justification for a tax on house occupation based on the notional rental value of a house. You might as well regard car owners as being in receipt of an imputed income based on taxi fares saved, and tax them accordingly. A tax on houses would penalise improvement and development - while encouraging properties to be held

values. And a tax on capital to move house.

Housing policy should recognise that a house is a building standing on land. The two enti-ties behave very differently and require different fiscal treatment. A building is like any other artefact: a depreciating asset requiring the expenditure of up to 5 per cent of its construction cost each year to make good the ravages of time, the elements, normal wear and tear. It is the land whose value has gone on rising and rising. If successive governments are to blame, it is in neglecting to make the distinction between

land and buildings. Equity between owner-occu-piers and those who rent can only be achieved by means of a 100 per cent tax on the imputed rental value of land, with the entire value of the land passing to the Exchequer (other taxes being reduced accordingly).

Owner-occupiers would then in effect, be owners of build-ings and land; likewise, property companies would be rent-ers of buildings.

A substantial rate of land value tax is in any case a nec-essary condition for ensuring the free and efficient working of the property rental market. In the absence of such a tax, it is often to the advantage of owners to leave property vacant in the expectation of an improvement in the market, as in the early 1970s.

That said, the important UK

Henry Law, 19 Queen's Gardens, Brighton, Sussex vacant in the hope of rising

Pre-1992 acquisition 'splurge' into Europe seems unlikely

posal of UK companies is con-posal of UK companies is con-strained by their own resources, gearing limits and the availability of equity capi-tal. The European market is in competition with the US mar-bet for this pool of or US marmisconception that, in their rush to establish themselves in ket for this pool of capital. Last year, \$31bm worth of UK acqui-sitions in the US far surpassed Europe before 1992, UK compathe combined value of UK acquisitions at home and in nies will launch into a European acquisition splurge. The UK will probably con-Enrope. tinue to invest more heavily in

in favour of Europe is translated into investment flows of

their quest for scale economies, companies will be tempted to make future acquisitions on the same continent 55 per cent

after their record investment in 1987, indicated that they intended further US acquisi-

 Many UK companies which have not yet acquired in the US will be forced to do so in order to compete with those which already have. (A series of such "trigger" acquisitions in the US has taken place among UK advertising groups.)

• Long-term interest in the US market as indicated by (inter alia) UK acquisitions after the stock market crash of October 1987, which pulled the financing carpet out from under many UK companies planning US acquisitions. In the first quarter of 1988 we recorded 110 deals worth \$9.2bn (equal to the pre-crash quarterly spend). There is no reason to believe that this investment flow will evaporate simply because there is now an awareness of Europe's opportu-

buyers in Europe will probably be those which have already expanded sufficiently in the US. In terms of number of UK deals made, Europe may equal the US as we approach 1992, but the average size of deals in Europe will be smaller than in the US (currently \$94m).
The European deals will be smaller because of the fragmented nature of the investments. It will probably not be until the late 1990s - after a "testing period" - that the annual value of acquisitions in Europe will equal the value in the US. There has been a considerable historical build-up of British acquisition investment in the US. Europe will probably have to wait until the next century before accounting for

The British-American Deal 22 Ponsonby Terrace, SW1

an equal share.

FOREIGN AFFAIRS

An era of doubt and difficulty

Ian Davidson assesses the challenges for Europe in the coming decades

the conclusion that the US will reduce its contribution to Europe's defence, provoking a debate in Europe over the rela-tionship with the US.

n the past few years, two striking things have hap-pened. Some of the politi-

cal expectations about the

shape of the world which once appeared to be built on rock

now look much less reliable, starting with the assumption of an incurable hostility

between East and West. And there has been a radical shift

to economic liberalism world-wide, with a globalisation of every kind of market, and a

down-grading of welfarism and

These twin factors can be expected to spawn far-reaching

changes worldwide, but for Europe the changes could be so radical as to verge on the revo-

lutionary. Here are some of the

In the 40-year old East-West confrontation, Europe has nec-essarily been in the front line.

If that confrontation were to give way to something else, it is in Europe that the effects would be most pronounced. We

may not yet know whether Mr

Gorbachev is pursuing genuine détente, or merely "détente" as a way of improving Soviet leverage; but we do know that

he is pursuing a policy of movement and initiative which

is quite different from the rigidity of his predecessors, and which in general puts in question the fixed structures of

In particular, Soviet détente

(or "détente") implies a similar evolution in Eastern Europe,

and raises questions over the relationship between Eastern

and Western Europe, starting with the two halves of Ger-

many. Egon Bahr, one of the architects of West German Ost-politik, claims that the Euro-

pean Community's single mar-ket of 1992 will put paid to German dreams of reunifica-

tion, but it can equally be

argued that detente will for the

first time make reunification

imaginable on terms that West

ficult for the US to go on carry-ing its present military bur-dens as leader of the free

world. The combination of Gor-

bachev and the US budget defi-cit make it difficult to avoid

Germany could accept. ● Moreover, any real and lasting improvement in East-West relations will make it more difficult for the 172 to 17

the Western side.

state intervention.

· Europe's defence has hitherto been predicated on two assumptions: the inevitability of the East-West confrontation, and an American contribution to NATO on a scale which has made it unnecessary for the European members even to think about serious defence integration. These sumptions will be shaken by mobility in the East and uncer-tainty in the West. Europe will need to recognise that its interests and assessment of the Soviet threat may differ from those of the US, and that it may therefore need an autonomous capacity both to defend itself and to negotiate and ver-ify arms controls agreements. A low threat assessment

might suggest a more modest Nato defence effort, while a reduced US presence in Europe might make even that modest effort achievable only by much closer political and industrial integration. Either way, Europe will need to rethink what kind of nuclear deterrent needs, and in whose hands. Europe currently has immi-gration problems which are either the legacy of empire or the legacy of the rapid growth of the 1950s and 1960s, or both. The European population is ageing, while there is very fast population growth in near-by developing countries, starting with North Africa and the Mid-dle East. Europe may be unable to avoid further waves of immigrants, and it may have great difficulty in absorbing

The ageing process will also create strains for domestic policy in Europe, which will be greater than elsewhere because Europe went furthest, in the post-war era of high growth rates, in building centrally

funded health, welfare and social security systems. It is not obvious how these systems will be financed in future, or whether their costs will impose competitive penalties on

Europe as a whole.

Faced with high unemployment, which risks rising much higher, neither European governments nor experts have a solution, though most fall back on the need for better education and training as part of a solution. Education is labourintensive and expensive, how-ever, and the time required for a significant change in the performance of education systems is much greater than the timehorizon, say, of the single European market.

• Jacques Delors, the European Commission's president is publicly rebuked for suggesting that governments need to consider the policy balance between national capitals and Community institutions; yet the Community network already forces economic policy convergence between the member states, and the EMS imposes German standards on the other participating countries. If a single European market really is created, the pres-sure for convergence will become stronger, and the dilemma will be whether to make policy convergence explicit or not. All these changes bring to a head two broad sets of political

issues: what is the nature and purpose of the European Community?; and how will political establishments handle the political stresses of economic and social change? Mrs Thatcher is anxious to play down the political dimension of the Community, but the question cannot be settled as

easily as that. If the East-West

relationship is facing a period

of flux and uncertainty, the

assumption of American lead-

ership is also bound to be ques-

tioned, and Europeans will be obliged to formulate their own responses to Soviet initiatives. Other political questions are unavoidable in any case: for example, should Europe's space policy be partly deter-mined by strategic objectives, or only by commercial considerations? Or again, is the Community by definition part of the Western system, or could it admit a country like Austria which is neutral.

The domestic political dilemmas of the member states may become even more salient, not least because of the impover-ishment or abandonment of the traditional left-right political dialectic. A period of more intense competition both within the Community and with the rest of the world is bound to impose significant strains on the social fabric of

the member states.
It is far from obvious that Europe's social and political institutions are well equipped to handle those strains. Trade unions are weakened by the trend away from smoke-stack industries. Left-wing parties are weakened by the discrediting of the socialist model. The rightward drift of conservative parties leads them into laisser-faire postures which look like indifference towards those left behind. The National Front in France is likely to remain a significant force for some time to come. It would not be sur-prising if there were analogous movements of backlash against the new liberal orthodoxy, or



igainst 1992, in other Community countries. Some seasoned observers of the European scene even predict a diplomatic game of chicken between Britain, France and Germany, to see which will propose a postponement of the 1992 dead-

In the rest of the world, the US already has a unified mar-ket and a political system long committed to the liberal ethic. Japan's politico-social system seems to confer peculiar homo-geneity and resilience. Only the Soviet Union, and perhaps some Third World countries, face pressures for change so numerous, and so acute as those that now bear down upon Western Europe.

PLESSEY *

PUMPS FOR

Plessey has now received a

further order from Boeing

Commercial Airplane Company

- worth nearly \$4.5 million - for

fuel pumps for the Boeing 737,

the world's best selling aircraft.

ADVERTISEMENT

INE * * PLESSEY

LEAD CONTRACTOR FOR NATO IDENTIFICATION

The introduction of NIS on a tri-service, system-wide basis will constitute a major MoD for all current UK NIS activity. investment on one of the On behalf of the MoD, it will largest electronic projects

currently envisaged. NIS since its concept in the development and production early 1970s, through feasibility phases. studies and project definition. and successful international interoperability trials in the USA.

The new contract covers programme management, and

£8m FOR **AIRBURST SENSORS**

over £8 million to supply airburst proximity sensors for the RAF and Royal Navy's 1000lb and 540lb conventional bombs. These sensors, which

interface with the Thorn EMI function bomb fuse, provide for the first time true, ultra-low level delivery with airburst detonation. The contract, won against

fierce competition from other UK and overseas companies, is a major success for Plessey who designed and developed the Their advanced design

ensures optimum performance against radars, soft skinned vehicles and aircraft in the open over a wide range of release conditions. Stringent testing guarantees long storage life and operation

over a wide climatic range. The proximity sensors can be adapted for many conventional bombs, such as the US Mk80 series.

UK lead contractor for the long-petitive review highlighted awaited NATO Identification Plessey capability, performance Plessey capability, performance international collaboration. System (NIS) opens a new era in to date and experience of prime

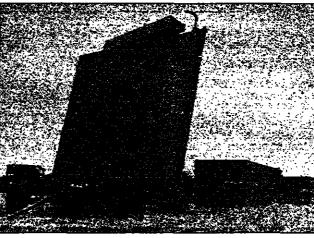
As NIS lead contractor. Plessey will take responsibility seek competitive tenders from qualified sub-contractors for Plessey has been involved in work on the planned design,

The main task under the

development of the NIS functional elements, and In this latter activity Plessey will work closely with Siemens,

the nominated German lead contractor, and assist the MoD to maximise equipment

The Plessey pumps are the commonality and system only type which are flight interoperability within NATO. qualified for all fuels on the The selection of Plessey as Boeing 737-300. lead contractor in the UK for They will also be fitted on the NIS brings nearer the entry into 400 and 500 Series of aircraft. service of this vital NATO The latest Boeing order is a system, intended to replace the It participated in the recent contract is to bring together current identification Friend or nd successful international studies leading to full-scale Foe systems. further example of how Plessey expertise in low-pressure pumping and fuel systems has



The Pleasey ACCS capability shows as part of an AR329 convey

AIR COMMAND

In a 26 million NATO funded generation of mobile air contract, Plessey will supply the stand-alone control facility and Plessey will link it to existing related communications equip- radar installations by microment for phase one of the wave, and distribute data Control System (ACCS).

by the Portuguese Air Force at a operation in 110 countries. major NATO installation, can be either fixed or field deployed, and co-located with an operations centre.

Transportable by land, sea or air, it is the first in a new

locally by fibre optic cable.

radars and The system, to be operated associated systems are now in ... AND NASH **PUMPS FOR** PLESSEY

brought success on an

international scale.

To develop its aerospace pump market even more widely, Plessey has just bought the range of commercial and military aircraft pumps produced by the Nash Engineering Company in the United States. Plessey will acquire the Nash

range of fuel boost/transfer pumps, backing pumps, and suction lift and flight refuelling pumps, many of which incorporate 'liquid ring' technology.

The pumps have a high reputation for reliability within the aerospace industry and are specified on various current and new aircraft programmes.

This acquistion will furtherextend the already impressive range manufactured by Plessey at Titchfield, in Hampshire.

All marketing/sales, product support and development will be undertaken there.



PLESSEY and the Plessey symbol are trade marks of The Plessey Company s

Brussels plays rough with VCR imports

William Dawkins looks at the justification for the latest anti-dumping levies

THE European Commission's latest anti-dumping penalties, on imported South Korean and Japanese video recorders (VCRs), will expose Brussels to fresh accusations that it is keener on turning Europe into a fortress than into a free mar-

This latest trade skirmish brings the string of Commission anti-dumping actions against Far Eastern goods into new league. The stakes are higher than usual and - at least according to the Commission's critics – Brussels has adopted an unusually tough reading of its own rules to get its way.

The provisional fines are the outcome of a complaint lodged last year by the European Community's top seven VCR makers, unable to tolerate any longer the enormous losses they had to shoulder in an unsuccessful battle against cut-price competition from the East. They include the influential Dutch electronics company Philips, the French state-owned Thomson, Grundig of West Germany and Britain's

Ferguson.
The duties could bring price rises of nearly 30 per cent—
the heaviest levy—on a product on which 7m EC consumers spenta total of \$2bn last
year. This follows three years
during which average prices have fallen by 20 per cent annually, a change which will hand plenty of anti-EC ammunition to consumer organisa-

Yet this sacrifice is worth making in the EC's broader interests, the Commission argues, in its unusually long formal announcement of the

"A possible limited disadvan-tage to consumers with respect tage to consumers with respect to the higher prices of VCRs. . . will be outweighed by the benefits of safeguarding employment and maintaining a foothold in this important technological sector," it says. Any suggestion that demand for VCRs might fall because of the duties is "speculation," says the announcement in the EC's official journal. official journal.
The fines hit five companies

two Japanese and three South Korean. They range from 18 per cent for the Japanese, Funai and Orion, which specialised at the time of the EC inquiry in exporting machine for European consumer electronics producers to sell to the public under their own names. Amstrad, Currys, Dixons and ISB KG of West Germany are the independent EC importers named in the action.

The two Japanese companies represent only a small part of the country's VCR industry. the interests of which are sharply different from their own. Most of Japan's VCR makers have seen their EC-as-sembled machines steadily lose market share, thanks to the activities of Orion and Funai.

By contrast, the duties bit the entire South Korean VCR industry, consisting of Daewoo, with a 29.2 per cent levy, Gold-





star with 26.4 per cent and Samsung with 25.2 per cent. This is the first time such a sensitive South Korean con-sumer electronics product has attracted an EC dumping levy, the largest ever against the

Brussels has opened similar inquiries over the past 18 months into exports of South Korean microwave ovens

– due to come to a conclusion soon - small colour televisions, video cassette tapes and compact disc players.
The South Korean VCR fines

are especially striking in view of the extraordinary under-val-

Korean currency. In theory this should make it very hard for the country's exporters to practise dumping, defined as selling cheaper abroad than at

uation of the won, the South

All this means that the cou-panies involved will suspect Brussels more than usual of stretching the rules for politi-cal reasons. Indeed, the Com-mission itself admits that stra-tegic interests are at stake. It-argues that VCR price-cutting could "seriously weaken" the EC's entire consumer electron ics industry because VCR technology is used in many related products, from electric motors

to television receivers.

The attractiveness of Europe's VCR market for Far Eastern producers lies partly in its steady growth. Demand rose from 5.8m machines in 1984 to 7m last year and is expected to go on rising. European producers' competitive-ness, meanwhile, cannot have been helped by having to abandon five years ago their own VCR system, the Video 2000, in favour of the Japanese VHS

Philips and Grundig lodged Philips and Grundig lodged an anti-dumping complaint against Japanese VCRs
— which led to a promise of export restraint — just before withdrawing from Video 2000. But it was not long before Funai and Orion and the South Koreans launched their attack Koreans launched their attack on the lower end of the market,

directly at the expense of EC producers, both European and panese-owned.

As a result, BC producers "suffered severe losses on their sales of VCRs," even though they cut production costs significantly over the period, says the Commission. Brussels took such a severe view of the injury that it took the rare step of setting the levies to cover the full dumping margin, the difference between EC and home country prices. Brussels normally sets such fines below the dumping margin to give EC producers enough breathing space to make what it consid-

ers adequate profits.
One reason for this extra toughness is the Commission's fear that South Korea is storing up a lot more damage for the future. It reckons South Korean VCR production capacity will grow substantially above the present on units per above the present am units per year. Yet that kind of volume can be sold only on the world's two largest markets, the US and the EC.

"The US market is highly competitive, does not allow profits to be made and seems to be saturated," says the Com-

That leaves Community VCR producers staring down a well-aimed and heavily-loaded gun barrel. And that is why they have tried every trick in the book — even some outside it, say their critics — to reinforce themselves against the barrage

China to manufacture Japanese video recorders

By lan Rodger in Tokyo

THE AUTHORITIES of four Chinese Nanking and Chengdu, but would not cities are in talks with European and invest in the plants being planned by Japanese consumer electronics companies to set up video cassette recorder (VCR) factories in their territories.

Matsushita Electric Industrial con-Hitachi of Japan confirmed yesterday that it had completed VCR technology transfer agreements with the cities of VCR plant, but would not confirm

reports that the company's investment in it would be Y5bn (\$37m). A company official said the Peking authorities with the city of Dairen to build a similar plant.

Negotiations between the Japanese were looking for as much technology

companies and the Chinese are expec-ted to become easier since an invest-According to Japanese industry sources, Philips of Holland is in talks ments late last month.

Nato warship design study costs soar

By Lynton McLain in London

THE first industrial contracts ISS is already seeking more ate project for the 1990s, due to be signed this month, are likely to cost up to twice the £60m to £70m originally thought necessary.

The partners in the NFR90 project, the first attempt to produce a common warship for the alliance, are the US, West Germany, Italy, Spain, Canada, the Netherlands, France and

The partners signed a memorandum of understanding ear-lier this year to enable the first contracts, for project defini-tion, to proceed after feasibility studies were completed last year. These contracts decide the precise design and performance requirements for the

The contracts are due to be signed this month by Internationale-Schiffsstudien (ISS), the Hamburg joint venture com-pany formed to design and build the new frigates, and BWB, the German contracting authority. BWB acts on behalf

MOTOROLA, the US electronics group, is emerging as one of the front-runners to put in place a pan-European digital car telephone system.

despite attempts to steer work primarily towards European-

Motorola's success in moving

into this area will be underscored this week with the announcement that the Norwe-

gian public telephone company has chosen the US group to set

up a trial digital system for the Nordic network, which also

includes Sweden, Finland and

The Norwegian contract fol-lows Motorola's selection last

month to set up the initial system for Cellnet, the UK mobile

owned companies.

le £8bn (\$13.4bn) Nato frig-roject for the 1990s, due to Defence ministries in the Nato countries involved have assigned approximately £70m for the work

Additional costs will have to be met either by the ministries or by the NFR90 industrial groups set up in each country to bid for work on the frigates. Those groups are the joint owners of ISS. They have been told by ISS that the project definition work will prove more complex - and hence more expensive - than originally thought. Companies involved believe the cost could double. In Britain, the NFR90 group is the Supermarine Consortium of British Aerospace, Rolls-Royce, Ferranti, Thorn

EMI, Plessey, VSEL, Yarrow and Racal Decca. The Nato countries involved are envisaged as likely to order some 50 of the ships between them. The frigates are due to enter service in the late 1990s. The project is facing techni-cal problems with work on the

network owned by British Tele-com and Securicor.

The deals mean that Moto-rola has established a strong

rola has established a strong foothold for long-term orders of digital equipment in Europe's two largest markets for cellular mobile systems. The Nordic network is the biggest in western Europe, with about 500,000 subscribers, and is followed by the UK's, where the two operators, Cellnet and Vodafone, have more than 300,000 customers.

In the move towards the new pan-European digital system, due to be launched in 1991,

European governments have been aiming to stimulate man-ufacturing activity in the

region's telecommunications industry.

ships moving faster than work on their missile systems.

By Terry Dodsworth, Industrial Editor, in London

have just started, well after the completion of the feasibility studies for the ships them-

Motorola advances Europe carphone bid

This mismatch caused France and the UK to call for a review of progress when they joined the project in January. One of the competing missile systems is the Nato Anti-Air Warfare Missile System, involving companies from the US, UK, Spain, the Nether-lands, West Germany and Can-ada. Decisions are due to be

taken on the next stage of that project early next year.

According to Westinghouse, one of the US companies involved the NAAWS project's potential market of 600 warships could make it worth

It is competing against the Family of Air Missiles Study which involves companies from France, Spain, the UK and Italy, including British Aerospace, Thomson CSF and Aerospatiale of France, Selenia of Italy and Ibermisil of Spain.

But there are differences

But there are differences

The scheme was developed with the idea of creating a

common system throughout western Europe so that local

manufacturers would have a

large enough market to encourage the investment in the new

technology.
In response to this, Euro-

pean consortiums have been launched over the last year to develop the digital technology.

At the same time, foreign companies, including Motorola, have been layered a related.

have been largely excluded from the discussion of techni-cal standards for the system.

Motorola, however, has argued that it is in effect a

European company. Mr Bernard Smedley, general man-

ager of Motorola's telephone

Studies into two competing between the US Navy and missile systems for NFR90 Royal Navy over the type of system they want, and these could jeopardise the creation of

a common missile system.
The US Navy would prefer to
update its existing systems
while the Royal Navy favours a completely new missile. Contracts for concept evalua-

tion of NAAWS were placed in May with the Unisams team lead by Westinghouse, and with a team led by General Electric of the US. The studies have to be completed by

The GE team comprises Computer Sciences, FMC Cor-poration, General Dynamics; Siemens of West Germany; Hollandse Signaalapparaten of the Netherlands; Inisel of Spain and British Aerospace and Marconi of the UK.

The Unisams team includes Westinghouse, McDonnell Douglas and Vitro of the US; the Canadian Marconi com-pany; MEL defence Systems and Spar Aerospace of Canada; Dornier and Contraves, West Germany; and Philips of the

pany is committed to research and development for the pan-

European digital system in Europe, and will expand its UK

workforce manufacturing mobile equipment to 1,000.

The US group also acquired Storno, a Danish telecommunications equipment concern,

about two years ago as a means of strengthening its position in the Nordic market.

Storno has acted as the main contracting company for the Norway deal.

With the bulk of the con-

tracts for the digital system still to be awarded, it is not clear yet how effective the challenge of the European

Expulsion heralds union split

Continued from Page 1 with the hissing and shouting with which he and other EETPU leaders have been received in recent years Mr Willis said that the electricians union had shown no sign that it would reconsider its rejection of the TUC disputes committee rulings. The union was laying down unacceptable terms, he said, and the TUC would be undermining itself by agreeing to them.

The TUC general secretary denied EETPU accusations that there was a constitute. that there was a conspiracy against the union led by left-

wing unions. He said to sustained applause: "This has not been a matter of left and right. This has been a matter of right and

Mr Hammond, in a speech which was also applauded at the end, distinguished between the TUC and his union's members, saying the crucial difference between the groups was the latter's "enthusiasm for the market system and its values."

Iran 'in talks on Krupp stake'

Continued from Page 1 and representatives of the Ira-

nian government. Mr Paul Spicer, a Lonrho Mr Paul Spicer, a Lonrho director, refused to confirm that the meeting had taken place. But he did point out that Lonrho had a long-standing relationship with Germany and German companies and that, earlier this year, it took a 50 per cent stake in Krupp Handel, the trading arm of the German group.

del, the trading arm or the German group.

"Peace has broken out in the Middle East," he added, referring to the recent ceasefire in the Iran/Iraq war. "In time, this could mean a lot of business for British and German companies."

It is no secret that Lonrho has identified Iran as a large potential market.

companies will be in this secsystems group, says the com-Oil prices hit by Gulf output reports

WORLD WEATHER

Many in the Industry, however, now see the beginnings of a big battle among the Gulf oil producers to maintain or increase their individual shares of the world market.

Opec production for August is estimated at close to 20m barrels a day. That is about 1.5m b/d above demand for Opec oil and roughly 2.3m b/d above the Opec quota plus
iraq's production. Iraq, which
has refused an Opec quota, is
producing about 2.7m b/d.
Saudi Arabia, Kuwait and

the United Arab Emirates are each believed to have boosted production significantly above their assigned quota levels. All Dr Subroto's efforts to forge a new Opec consensus appear now to have been blocked. Iran has refused to accept Dr Subroto's suggestion that it

should allow Iraq a quota equal to its own, at 2.37m b/d.
Iraq has for two years refused anything less, and is now thought likely to demand an even higher quota in view of its military victory over Iran and rapidly increasing production capacity.

Dr Subroto has also failed to make progress on the bitter dispute over the definition of which production falls under the Opec quota.

Venezuela indicated that it would drop its opposition to allowing Iraq a significantly higher production quots if Knwait and other Gulf producers lifted objections to Vene-zuela's classifying some pro-duction as condensates, which fall outside of the Opec quota. Condensates are liquids that condense from natural gas during production.

Makeshift weapons in the whiskey war

The Takeover Panel must be wishing it had never heard of Irish Distillers. Over this small, parochial drinks com-pany it has had its first ungainly dance with EC over European merger policy, has waived its rules on concert parties, and now is allowing Grand Met to increase its final offer before the necessary com-peting offer had been made. Unreasonable as the latest decision might sound, the Panel should have little trou-ble defending itself at today's appeal. At issue is what constitutes a "competitive situation" and Pernod Ricard's advanced plans for a lock-out bid were surely that. Through the Panel's speedy intervention share-holders may also have been saved from Pernod's fait accompli at 1r75p a share less than Grand Met's new offer.

Who wins this increasingly expensive little drinks com-pany will be decided in suitably unlikely style - not by shareholders nor any of the parties involved, but by an irish Court. All depends whether Fyffes' agreement with Pernod was an irrevoca-ble undertaking, and if so the Panel's intervention will have been fruitless anyway. Some might say the whole untidy business shows the weakness in the current rules for take-overs. However, frish Distillers is a special case, and once out-side the rules, it has not quite managed to get back inside. And in the end shareholders will probably not have done too badly: even if they are lumped with Pernod's offer, 450p is a lot better than the original 815p from the illegal consortium.

Oil prices

Twice this year the oil price has tried - and failed - to move convincingly below \$14 a barrel, but the latest attempt has a more confident feel to it. In February and in June prices weakened because the market was nervous about a future oil glut, whereas this time not only has the glut arrived in size, but things seem to be getting worse. Opec production is now at least am barrels a day above its quota and is showing no signs of slowing down. In the US the roaming motorist, who was meant to keep producers happy through the sum-mer, drove no more than last year, so that the winter season is approaching with stocks high and rising. Even the uncertain prospect of a Gulf ceasefire — which some



thought might help by bring-ing fraq into the quota system — now looks at best neutral for

In such a market it is hard to see what will bring the steady daily slide of prices to a stop.

Demand is not going to do the trick: already in most European currencies prices are as low as in 1986, with little sign of response from the consumer. Opec's strongest card seems to be the market's belief that it will not allow another crash. While that may be justified, it creates a floor no more solid. than the fragile nerves of the market itself.

Blue Arrow

As Blue Arrow's share price As Hive Arrow's share price jumped 6 per cent yesterday, it was noticeable that though business was brisk, it was all in small lots. Plainly, the idea of Mr Berry taking his company private appeals more to the credulous reader of the Sunday press than it does to the professionals. Indeed, the sums look fairly damning. Sunsums look fairly daunting. Suppose an offer were made at a traditional 30 per cent premium to last Friday's closing price of 91p; that would cost £850m, with the annual inter-est bill at close to £100m. That would be roughly equal to Blue Arrow's pre-tax profits plus depreciation this year, leaving

nothing to finance Manpower's expansion in the US.

All this suggests that if the collapse in equities has tempted entrepreneurs to take their companies out of the public states. lic eye, higher interest rates may now compel them to stay and take their medicine. Mr Berry belongs to the small but select club of those whom the market once adored and now market once adored and now avoids; but at least, when the going was good, he tapped the market in the grandest possi-ble style. For those institutions which declined to buy at 91p

yesterday, the 1889 paid for last year's rights is simply a costly lesson in the follies of a late bull market. At present, the shares do not

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42 ...*

At present, the shares do not look particularly cheap even on fundamentals. At yesterday's close of 96%p, the current year multiple is around 13. This is several points short of comparable companies like Adia in Switzerland or Kelly in the US, but neither suffers as Blue Arrow does from an overhang of unwanted stock. And if lest week's rise in US memlast week's rise in US unemployment has produced a surge in global equities, what price a global employment agency?

Finland

At first sight the Helsinki At first sight the Heisinki stock market would seem to be the sort of place where the smart global investor should have been able to strike it rich. The local Unitas General index rose by 30.7 per cent last year — more than twice as fast as the Tokyo market — and it is the only European market to hit a new record this year. Less hit a new record this year. Less than a month ago the market was standing 14 per cent above its pre-crash peak and despite an 8 per cent setback over the last few weeks, it is still show-

ing a 27 per cent gain for the year to date. While this sort of performance looks impressive against a 5 per cent rise in the FT-A World index in dollar terms so far this year, the for-eign investor has done nowhere near as well out of Finland as the general statis tics suggest. The vast bulk of the increase has been in the price of special classes of shares which foreign investors are not allowed to own. Union Bank of Finland is a case in point. Its A shares are trading point. Its A shares are trading
26 per cent above their precrash peak, while its C-shares,
which foreigners are allowed to
own, did nothing last year, and
are currently trading at a fifth
below last year's best.

Judging by the growing gap
between the price of the various classes of shares, domestic
investors regard the value of

investors regard the value of Fibnish 'companies more highly that foreign investors, ence in the underlying voting rights. However, this may be about to change, and not before time. Union Bank of Finland yesterday launched its second massive rights issue in less than two years, joining the rapidly growing queue of institutions tapping the local market. Greed is the natural enemy of all bull markets.



Sime Darby Group

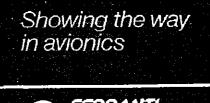
HIGHLIGHTS OF PRELIMINARY ANNOUNCEMENT OF CONSOLIDATED RESULTS FOR THE YEAR ENDED 30TH JUNE 1988

	1988 M\$ Million	1987 M\$ Millio
PROFIT BEFORE TAXATION *	308.3	181.8
EARNINGS	134.5	84.5
EXTRAORDINARY PROFITS	17.6	82.0
GROUP PROFIT ATTRIBUTABLE TO		
SHAREHOLDERS OF SIME DARBY		. ;
SHAREHOLDERS OF SIME DARBY	152.1	166.5
SHAREHOLDERS OF SIME DARBY	152.1 M. Sen	166.5 M. Sen
SHAREHOLDERS OF SIME DARBY BERHAD EARNINGS PER SHARE		



FINANCIAL TIMES COMPANIES & MARKETS

Tuesday September 6 1988



FERRANTI INTERNATIONAL

INSIDE

dr

Dan St. Commence of the St

Seeing the wood from the trees



The launch of an experimental British scheme to plant trees on land which formerly grew arable crops or reared livestock is an attempt to tackle the problem of European agricultural surpluses. The hope is that it will not fuel environmentalist claims that indiscriminate woodland planting is doing more harm than good. Page 42

Japanese paper groups sail out of the doldrums

A flurry of large foreign investments has underlined the important changes taking place in the Japanese pulp and paper industry. After years in the doldrums, it has been experiencing soaring profits, largely due to domestic demand. Daishowa Paper recently snapped up the North American paper interests of Reed International and some analysts have visions of the industry desired. of the industry doing the same to other US.

Silence is golden for Munich's exclusive printers

rivals. Ian Rodger reports from Tokyo, Page 27



refuse to advertise and shun publicity. Glesecke & Devrient, leading security printers, based in Munich, is one of them.

300 customers around the world in our business who matter, and they know us," says a company managing director. G&D, which produces banknotes for central banks, is del mined to maintain strict security. Page 26

Boral keeps up the rapid pace of expansion

Boral, large Australian büllding products group, has signatled that it is keeping up its rapid expansion by acquisition, despite what appears to be only modest underlying earnings growth in the year to June. The company announced yesterday the acquisition of the 26 per cent stake in Blue Circle Southern Cement which it does not already control, from Adelaide Brighton Cement Holdings for A\$160m (\$126m). Page 29

France faces mutual trouble



France can now boast more than half the mutual funds in the European Community as By Societies of Riverlines-ment a Capital Variable passed the FF1,000bn But all is not well. Many French financial institutions support the arguments of Mr Daniel Lebegue (left), former director of the Treasury

and now joint managing director of BNP, who maintains that France taxes investments more heavily than other EC countries and runs the risk of dangerous capital outflows once the internal market is opened up. Page 28

Market Statistics

Base lending rates ean options each FT-A world indices

Air Indla

NEV

London share service London traded options London tradel options Money markets World commodity prices World stock mid indices UK dividends amounced

Companies in this section

erican Distribe Ampol Exploration
Appletree Holdings Aspen Commun. Associated Nursing Barker (Charles) Bond Corporation Boral Bunzi Caird Group Cellulose du Pin Dagenham Motors Daishowa Paper Dawson Royle Willan Eastern Airlines Ecobric Holdings Edmond Holdings

Emmet (R & J) Executex Clothes Goodhead Print

Husky Oil IMO Delaval Kenyon Securities Linread 29 Marzotto 30 Mercury Aktireight 31 Milhench Crothers Peachey Property Persimmon Pickwick Group Quicks Group Robert Horne Rockwood Holdings Southend Proper Stinnes Sumitomo Bank TNT Varo WPP Wereldhave Wilson and Horton

Chief price ch	anges yesterday
PRIABEK FURTI (Dam) Riseas	132 Pinds of Room. 350, + 11: Cannot Pless 572 + 17: Caston. 148 + 5.7: Symmetric 356 + 44. Hourt Galler 412 + 13-
Niedort 427 + 3 Unde 678 + 5 MEW YORK (8)	
Market closed for holiday	Author Of 6200 - 659 Hippon Seiro 501 - 49 Descente 1020 - 80
LONDON (Pends)	Lunditeisure 348 + 14

528 + 11 140 + 10 167 + 7 588 + 26 495 + 17 433 + 13 490 250 213 130 Lucas inds. PWS Hidgs. Triton Europe Western Motor Wholme Rink -Yale & Valor 250 + 8 213 + 8 180 + 12 970 + 14 576 + 60 £1014 + 18 296 + 10

Union Bank plans rights issue to raise FM1.16bn

UNION BANK of Finland vesterday kept the Finnish rights issue in the limelight with the announcement of plans to seek FM1.16bn (\$261m) from shareholders via a one-for-five issue.

The Helsinki stock market has been the strongest performer in Europe so far this year in spite of a rash of rights issues which to date, including the Union Bank issue, have raised FMSon, compared with the FMS.Shn for the whole of 1987.

Until now the biggest issue was FM800m from the fast-growing electronics conglomerate Nokia. Sampo, the insurance group, was close behind at FM750m. In spite of the drain on

Sir Jeffrey Sterling

Pre-tax profits

Taylor Woodrow

liquidity, the Helsinki bourse index has risen by 25 per cent this year and is more than 40 per cent up on its level a year ago.

Union Bank says the issue will increase its capital to FM3.13bn, with the proceeds being used to strengthen the capital base. Finn-ish banks face tough solvency requirements from both internal regulation and from the Bank of iternational Settlements (BIS). Mr Mika Tiivola, the chief executive, said yesterday that the issue would increase Union Bank's solvency ratio by two percentage points to 9.7 per cent. Finland's current banking law requires a minimum solvency ratio of 4 per cent. The BIS requirement, which Finnish banks will face in about rimins oans will face in about 1991, is 8 per cent. Mr Tilvola said the timing of the issue was affected by the good market situation. Liquidity on the Finnish-capital markets was strong and share prices remained high providing an emperaturity for a size.

viding an opportunity for a size-able issue premium, he said. For the first half of 1968 Union Bank's profits before tax and appropriations rose 17 per cent to FM742m. In 1987 profits amounted to FM1.2bn, while end-December assets totalled FM114.5bn.

The rights issue consists mostly of A shares at FM25 each. This compares with a stock market price of about FM47.50.

Lex. Page 24

Top EC Building contractors

	Contractor	Turnover
7		(2m)
2 .4 🐠	Bouygues (Fr)	4,435
•	Soc.Gen	į
	d'Entreprises (Fr)	1,978
	Soc Aux	
	d'Entreprises (Fr)	1,804
	Spie-Batignolles (Fr)	1,778
•	Dumez (Fr)	1,611
Į.	Wimpey (UK)	1,442
The state of the s	GTM-Entrepose (Fr)	1,401
	Balfour Beatty (UK)	1,187
Sir Frank Gibb	Tarmac (UK) *	1,126
1	Laing (UK)	1,063
	Hochtief (Ger)	919
aries	Fougerolle (Fr)	882
	Сатрепоп	
240	Bernard (Fr)	873
	Taylor Woodrow (UK) 869
	HBG (Nether)	847
	Costain (UK)	839
	Bovis (UK)	839
160	Holzmann (Ger)	825
	Beazer (UK) *	807
120	Amec (UK)	793
100	_ •	. 1
	* Fwd hyllding mater	ials divisions

Why P&O charts a course with Taylor Woodrow

1983 84 85 86 87 88

Share price

Relative to FT-Actuaries All-Share index

Andrew Taylor and Paul Cheeseright examine moves to build a stake in a leading UK property company

s Sir Jeffrey Sterling, chairman of Peninsular and Oriental Steam Navigation (P&O), the UK shipping, construction and property group, preparing to launch a full-scale bid for Taylor Woodrow, the broadly-based Brit-ish construction and property

P&O announced a 6 per cent stake in Taylor Woodrow on July 20 and last week it increased its holding to 9.9 per cent, fuelling speculation that a takeover offer may be on the cards.

Sir Jeffrey's insistence that P&O's stake in Taylor Woodrow is simply a trading investment, and that his company had never mounted a hostile bid, has failed to halt a sharp rise in Taylor Woodrow's shares. They have soared by more than a third to 587%p since P&O first declared

Most analysts believe further purchases of Taylor Woodrow shares by P&O are likely - with Sir Jeffrey possibly increasing the holding to around 20 per cent. At this level, P&O could treat Taylor Woodrow as an associate company in its accounts.

Some analysts believe that a full takeover may be the long-term aim, but is unlikely to take place while Lord Taylor, Taylor Woodrow's forceful 83year-old life president, remains at the head of the company. According to Mr Tony Williams, of stockbrokers Phillips &

Drew, an offer price today would have to be at least 800p a share. That view is shared by most building analysts.

There is no doubt that the two groups would fit together neatly. Housebuilding, construction and property development, carried out by P&O's Bovis, and Town and City Properties subsidiaries, accounted for one-third of the

group's £327.6m (\$550m) operating profits in 1987. If income from investment properties is included, the contribution comes to around one half. Taylor Woodrow is Europe's 14th-biggest contractor, according to figures based on the most

recently-published annual turnovers. Bovis ranks three places behind. The increased size of the combined operations might be an advantage in winning major projects when trade barriers are removed in the European Com-

munity in 1992. However, it is the substantial unrealised value of Taylor Woodrow's property portfolio and office assets from the Runcorn-

housing landbank which has really attracted Sir Jeffrey Ster-ling. Sir Jeffery cut his property teeth on Sterling Gurantee Trust during the boom in the early 1970s and rescued Town and City Properties when the market crashed in 1974

Taylor Woodrow has traditionally adopted a conservative attitude towards valuing and taking profits from its properties. This approach seems likely to change with P&O and Sir Jeffrey peering

over its shoulder.

Taylor Woodrow's property portfolio is currently in the books at £520m. Mr Jamie Stevenson, building analyst with brokers Kleinwort Grieveson, expects it be revalued at least £200m higher in the annual revaluation at the

end of this year.

The housing land bank, currently in the books as approach-

ing £160m, is worth at least £400m, says Mr Stevenson.

aylor Woodrow is one of Britain's oldest construction companies and,

unlike several of its major rivals, avoided major difficulties when the overseas construction market, particularly the Middle East, turned down in the late 1970s. Instead, it has invested its money shrewdly, building up the property side of its business. It expects this process to continue. The strength of the commercial property market will take care of that to some extent, providing the basis for stronger revenue as rent reviews on existing investment properties come through.

The group, however, has an extensive development programme, not least through shopping centres along the south coast of England. It has also been making an effort to expand its property trading.
This is partly a matter of keep-

ing the total portfolio in balance and partly a matter of generating cash. Trading profits leaven the growth of investment income from rents. A sell-off of some properties has been foreshadowed for the current half. But Taylor Woodrow wants to take this process a bit further by using an issue of property income certificates to realise some of the value in the portfolio. Property investment and trading potential were increased last year by the £32m purchase of the United Property Unit Trust portfolio and this year by last week's £77m purchase of industrial and

Warrington Development Corporation. Some properties can be held, others sold on.

he base of the property portfolio, valued at £521.4m in December 1987 but now probably worth considerably more, are Commodity Quay at St Katherine's Dock in London, to which an issue of property income certificates will be attached, the West Gate office complex at Faling in West London. complex at Ealing in West London, and a major retail centre at

Hounslow, west of London.

More than three-quarters of the group's property interests are in the UK, but the importance of the US was underlined last year when the group purchased the minority share it did not already own of the Californian company

which bears its name.

Although the office and retail parts of the UK portfolio are roughly balanced, Taylor Wood-row has been under-represented in the industrial sector – which has recently shown the fastest growth. Industrial property has been less than 10 per cent of the portfolio.

This is one reason why Taylor Woodrow joined the chase for industrial assets through the pur-chase at Warrington-Runcorn. It also gives the group a stronger representation in the North and complements the Nursling industrial estate in Southampton. The greater part of the property port-folio is in London and the South. P&O stands to gain even with-out launching a full bid. The value of its stake may rise if Taylor Woodrow, under threat of a possible takeover, is forced to make its assets work harder and boost returns. In the past, returns have sometimes appeared rather pedestrian given the high quality of its property portfolio.

P&O may also be expecting to

gain from joint ventures with Taylor Woodrow. This was one of the first reasons given by Sir Jeffrey for the share purchases. Sir Frank Gibb, Taylor Wood-row's chairman, already appears to have been stung into action. Since P&O's announcement of its share stake in July, Taylor Wood-row has announced a 60 per cent increase in its half year, pre-tax profits, several senior manage ment appointments, and moves to release more of the profits locked away in its considerable

property portfolio. But it will have to keep working hard as P&O appears to be digging in for a long stay.

court to rule in **Modi row**

By David Housego in

THE MODI family, which is bitterly divided over the control of the Modi group, India's third-largest industrial empire, yester-day carried their battle into the

courtrooms.

An acrimonious board meeting of Modi Rubber, the tyre manu facturer and one of the most profitable members of the family-controlled concern, was adjourned pending a ruling by the Delhi High Court. Mr K.N. Modi, until recently undisputed chairman of the com-

pany was voted out and replaced on August 16 by a majority of directors led by his nephews Mr B.K. and Mr V.K. Modi. But Mr Modi declined to step down and adjourned the meeting until

adjourned the meeting until today.

A few hours before yesterday's board meeting he obtained a court injunction declaring the status quo at Modi Rubber should be preserved pending a full hearing before the Delhi High Court on September 7.

But since the directors had already installed a new chairman, the two sides were unable

man, the two sides were unable to agree on the meaning of the status quo. Behind the battle over Modi Rubber lies a far larger battle for

control of the group or of its key companies if it is broken up, as now seems likely. Modi Rubber has a turnover of

about Rs 4,000hn (\$285m) in a group with total sales of more than Rs 15,000bn.

than Hs 15,000bn.

The feud, which demonstrates the problems that can beset India's largely family-run industrial concerns, comes at a time when the group has been reporting sharply improved turnover and profit results. Turnover rose by 28 per cent in the January. by 38 per cent in the January-June period to Rs 7.6bn and losses in the first half of 1987 were turned into Rs 230m profits

in the same period this year.

The group is also accelerating its diversification into areas such as float-glass, man-made fibres and computers.

Foreign partners, which include Champion Spark Plugs of the US, and Indian financial institutions are worried by the management instability caused by the family feud. The financial their stake and board representa-

their stake and board representa-tion to safeguard their interests. The warring factions, led on the one side by Mr.K.N. Modi and his sons, and on the other by Mr K.K. Modi and other neph-ews, are believed to have agreed that the group must be split. But they remain deeply divided over the method.

New Delhi Appointment seals shareholder peace at La Générale

By Tim Dickson in Brussels

A RECONCILIATION between the once warring shareholders of Société Générale de Belgique will be formally cemented in Brussels today when Mr Carlo de Benedetti is elected a vice-president of the battle-weary Belgian holding

The new spirit of co-operation between the Italian businessman and the controlling Franco/Belgian camp of shareholders, led by the French investment bank Compagnie Financière de Suez, will also be marked at today's extraordinary general meeting by the election of at least three main board directors of Mr De Bene-

Mr De Benedetti launched a bid for control of the company last spring, only to lose to the Franco/ Belgian alliance.
It was understood last night

that the De Benedetti allies to be nominated to the board are Mr Rene Thomas, president of Ban-que Nationale de Paris, Mr Peter Cohen, of the US investment bank Shearson Lehman, and Mr Alain Minc, managing director of Mr De Benedetti's Paris-based holding company, Cerus. These, and other board

appointments likely to be voted through today, are part of an important management shake-up planned by the new shareholders of the widely diversified holding

group.
Important proposals to change
La Générale's statutes will be put to today's meeting.

These will include the introduction of an executive commit-

tee responsible to the board (already in place under another name) and the creation of the posts of president and managing director.

In many ways these will simply bring the company into line with other leading Belgian and European companies, but the alterations will pave the way for the emergence as chief executive of Mr Herve de Carmov, the former director of Britain's Midland Bank, who was elected to the

board in June.
It is widely believed that Mr
Reny Lamy, the present governor, will be appointed president and that he will be succeeded as

governor by one of the leading protagonists in this year's battle, Viscount Etienne Davignon. It is reported that Mr Georges Ugeux, formerly of Morgan Stanley and Belgium's Genérale de Banque, will be named as finance

Today's meeting is not anticipated to produce the fireworks seen during April's bitter meet-ing (when Mr De Benedetti's bid for the group finally failed) or the memorable theatre of June's annual meeting, which was marked by the formal truce between the two camps.

Analysts, however, will be hoping for new clues to the future strategy of the company, which has a vast range of interests stretching from cement-making to financial services - and is generally considered to be in need of some far-reaching ration-

Premier Brands posts sharp profits advance

By Lisa Wood in London

PREMIER Brands, fast-growing UK food manufacturer which plans a flotation next year, yesplans a horation next year, yesterday announced a pre-tax-interim profit of £9.6m (\$16.1m), an increase of 33 per cent on last year's £7.2m.

Premier, formed in 1986 through a £97m management buy-out of the food and beverages division of Cadbury Schweppes, makes and markets some of the

makes and markets some of the UK's traditional family favourites such as Hartley's jams, Chivers and Rose's marmalade, and

Smash, the mashed potato mix.
Turnover for the 24 weeks to June 18 was £165m, an increase of 22 per cent on last year's £135.5m. Trading profit, at £13.4m showed an increase of 25 per cent on last year with the trading margin increasing from 7.9 per cent to 8.1 per cent.

At the half year, interest bearing debt totalled £33m with interest cover at 3.5 times the trading profit. Earnings per share, on a fully-diluted basis were 15p, an increase of 35 per cent on last year's 11.1p.

Mr Paul Judge, chairman of Premier Brands, said he expected about £400m with a similar trading margin. The latter, he said, had increased from 2 per cent at the time of the management buyout to 8.1 per cent this year.

Premier Brands, said Mr Judge, had done better since the management buy-out because there was the ability to focus on the business and cash flow was now re-invested in the business rather than providing funds for other parts of Cadbury Schweppes.



THE CITY ON THE WATERFRONT

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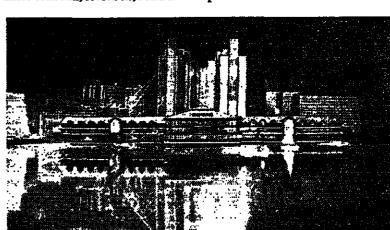
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INTERNATIONAL COMPANIES AND FINANCE

German note maker banks on its security

Haig Simonian visits Giesecke & Devrient, the secretive and little-known printer

GW UTILITIES (U.K.) LIMITED £50,000,000

Limited recourse credit facility

Arranged by Swiss Bank Corporation, London Branch

Funds provided by Swiss Bank Corporation, London Branch



tory video says there is "a veil of silence" but looking at the safeguards at Giesecke & Devrient, one of the world's leading security printers, even that is an overstate-

The company, based in Munich, has no press depart-ment, nor even a publicity pol-icy as such. Requests for interviews are a matter of board-level discussion — and are usu-ally turned down. Even the

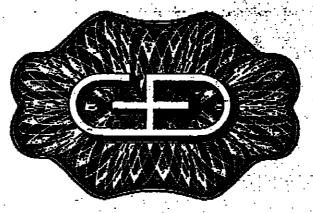
ally turned down. Even the front door is hard to find. So it is slightly less surprising that the three top managers at the company, which produces banknotes for the West German Bundesbank and many other central banks, asked not to be named, when interviewed, amid velled allusions to security. sions to security.

Their reticence stems as much from avoiding attention from the gutter press as from potential felons. Giesecke & Devrient, founded in Leipzig in 1852, is still a family concern, and its owners are not short of cash. One of the managing directors said: "We don't adver-tise, and we don't look for publicity. There are about 300 customers around the world in our

thow us."

The customers are a privi-leged group, and most of them will be assembling for the annual IMF/World Bank meeting in West Berlin later this month. For even in an industry dominated by specialists, Gie-secke & Devrient is highly

De la Rue in the UK and the perican Banknote Company in the US are its prime competitors in security printing, while Portals of the UK is a rival when it comes to making bank-note paper. However, accord-ing to Giesecke & Devrient, no



other company in the world offers the same range of secu-rity printing, paper making and – increasingly – card and electronic security services under one corporate roof.

As printers of German bank-notes the group has been an almost perfect mirror of the country's turbulent economic development over the past 135 years. Starting with 10 Thaler notes for the Duchy of Altenburg in 1856, the company was soon printing currency for the nascent German Reich and its far flung colonies and later the

Weimar Republic.

The Second World War seemed to mark the end of all that. However, the Leipzig works, heavily bombed, would eventually become the base for the German Democratic Repub-lic's state banknote printing operation, while the rump of Glesecke & Devrient moved to Munich, where it gradually re-

established itself after 1948. In 1959 came the first order for banknotes for the newly-created Bundesbank — a task the company still shares exclusively with West Germany's

state-owned Federal Printing Works. West German bank-notes had, since the end of the d World War, been produced by the western occupying powers, not always to the highest standards, and forg-eries were frequent.

Preventing counterfeiting remains an obsession at Gie-secke & Devrient and one of the main reasons for its almost obsessive security-consciousobsessive security-consciousness. Nowadays, the safeguards are principally technological, involving
specially-developed engraving
and printing techniques as
well as unique paper, but picking the right staff and being
choosy about one's visitors
also helps.
The importance of the paper

was grasped early on. Glesecke & Devrient's early banknotes after the Second World War were all printed on imported stock. Only in 1964 did it buy a paper-making plant in upper Bavaria, which it then converted to its special requirements. The group now exports paper to some 50 countries. Yet while traditional bank-

note printing remains the biggest single source of revenue, it has declined somewhat in importance over the years. Giesecke & Devrient, like its international rivals, has not been immune from the increasing tendency of developing countries in perticular to organise tries in particular, to organise their banknote printing busi-

their benknote printing business back home.

One executive said: "Thirty years ago, about 30 per cent of banknotes were provided by private companies. The ratio is probably about 80 per cent state-produced and 20 per cent purchased from the private sector now."

The company has made virtue out of necessity and become a provider of printing and paper-making technology as much as a manufacturer of the finished product. Among its current orders are a paper-making plant — about twice the size of its German operation — for China and others for Poland and South Korea. On Poland and South Kurea. On the printing side, it is selling facilities to Zaire, Burma, Zim-babwe and Egypt. About half of its total orders come from

Yet it was not just fears of a decline in its traditional business that prompted the company to buy Gesselschaft fuer Automation und Organisation (GAO), a small Munich-based research outfit, in the early 1999. 1970s. With credit cards and automated payments systems all the rage especially in the US, many thought the days of the banknots were numbered. Since then, GAO's workforce as risen from 30 to 400 people and it is now the group's research and development arm. Plastic cards are now one of its main pre-occupations and the company is the main producer of smart telephone cards for

the German Bundespost as

well as a leading source of laser-printed Eurocheque guar-mantee cards for German and

other banks.

However, GAO has also conducted researched into developing banknotes which are not only harder to forge but which can more easily be used by a variety of machines from tole-in-the-wall automated tellers to highly sophisticated sorting

highly sophisticated sorting units for central banks.

Meanwhile, the gradual revival of the German stock market in the mid-1980s has market in the min-1300s has provided a further boost to the traditional security printing side. Along with R. Olden-bourg another specialist based in Munich, Gresecke & Deprint is Cormany's leading Devrient is Germany's leading printer of share and bond cer-tificates. Rolling off its presses have come certificates for a number of new flotations such as Nixdorf, Hugo Boss, Henkel

Springer and Porsche,
Total group sales now
amount to about DM500m (\$270m) — up from about DM150m in the late 1970s while the workforce has grown from 1,500 to around 2,500 in the same period R&D accounts

gaming hard financial facts about Giesecke & Devrient is almost as difficult as discoveramost as camerate as discover-ing its printing techniques or the still secret design of Ger-many's new range of bank-notes for the 1990s. Earnings and dividends are not dis-closed, nor is much said about

As the smooth narrator on the video says: "For our friends, we should like to open all our doors. But regreta-bly . . . At Giesecke & Devrient, that wording is ant

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Marzotto leaps by 43% at midway stage

By Alan Friedman in Milan

MARZOTTO, Italy's biggest textile and clothing manufac-turer, has reported a 43 per cent jump in net profits to L29.2bn (\$21.1m) for the first six months of 1988.

Marzotto's sharp rise in turnover is attributable largely to

its acquisition of Lanerossi, the formerly state-owned yarn and clothing maker. Marzotto, which is 60 per cent owned by the family of Mr Pietro Marzotto, the chairman, has been When the revenues from newly-acquired companies are stripped out of Marzotto's

first-half turnover, the growth rate among existing companies is reduced to 12.9 per cent. The company expects turn-over to total around L1,460bn which would represent a yearon-year rise of nearly 80 per cent. Unlike other leading Italian clothing producers Marzotto has operations that range from raw materials to

ready-made clothes.

Study turns fraud case in VW's favour

By Haig Simonian in Frankfurt

THE LEGAL battle between month, two former VW Volkswagen, the West German employees, Mr Burkhard Juncar manufacturer, and the National Bank of Hungary over damages in the DM473m (\$254m) foreign exchange fraud unearthed in March last year has turned in VW's favour after the conclusions of an expert report commissioned by

a Frankfurt court.

According to the study by
Mr Erwin Blumenthal, a former head of the foreign which has been adjourned exchange department at the Bundesbank, the Hungarian bank should have made further inquiries at VW after it had entered into foreign exchange contracts with the company's dealing staff at rates that were well outside market rates.

VW alleges that the con-tracts were in fact taken out in its name by members of its for-eign exchange department in conjunction with Mr Joachim Schmidt, a Franfur-based foreign exchange broker. Last

ger and Mr Lutz Quaquil, were both ordered to pay the com-pany substantial damages, while investigations against Mr Schmidt are proceeding.

Lawyers acting for the
National Bank of Hungary

while the two sides prepare their detailed respons report, to decide further on the

Mr Manfred Pilgrim, the head of VW's legal department, yesterday appeared apprecia-bly more optimistic as to the

Both sides have treated the action as a test case and VW would almost certainly seek further damages from the bank should the court rule in its favour in the present action.

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By order of the Board D-Mark-Baer, Julius Baer D-Mark Bond Fund Ltd.

New holders for Bollore

By George Graham in Paris MR VINCENT BOLLORE has

announced the creation of a cascade of holding companies to allow him to bring new institutional shareholders into his company Bollore Technolo-gies without giving up control. As well as a 25 per cent stake held directly in Bollore Technologies, a conglomerate of special papers, electrical, transport and trading groups listed on the French second market, the Bollore family will also control a further 25 to 30 per cent through a series of four companies.

At each level of the cascade, the Bollores retain control,

while bringing in at different stages the Lazard merchant bank, the Credit Lyonnais and BNP commercial banks, the AGF insurance company, the Luxembourg holding company of Italy's Agnelli family, which is closely linked to Lazard, and the Edmond de Rothschild financial group. Bollore earlier this year won

control of the fuel trading com-pany Rhin-Rhone, despite initial opposition from its principal shareholder, the oil company Elf Aquitaine, and then acquired the French arm of the Diner's Club travel and

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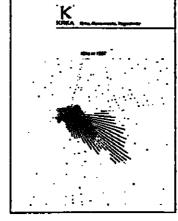


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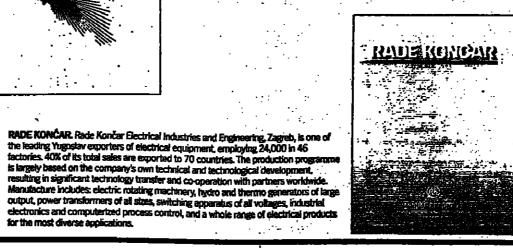


ventures both in Yugoslavia and abroad.



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KRRA. (4,000 employees). Novo mesto, Yugoslavia, is one of the leading Yugoslav producers of pharmaceutical raw materials, drugs for human and veterinary use. It is also noted for its chemical and biochemical synthesis, feed additives, processing of medicinal herbs, cosmetics and technological transfers. Krisa is also a manufacturer of insulation material and is concerned with health resorts, the hotel industry and tourism. Krisa's 1987 total income amounted to 179,175,446,000 dinars and its exports were



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INTERNATIONAL COMPANIES AND FINANCE

Japanese embark on overseas paper chase

Ian Rodger on investment projects in the newly confident pulp and paper industry

paper industry is on the move. In the past two years. Japanese companies have launched six large overseas investment projects and,

according to industry officials, more are on the way. For the most part, these projects are in the traditional Japanese industrial style, aimed at securing raw or semi-processed materials abroad for finishing and sale in the home market. The country imports more

than 40 per cent of its pulp-wood and 20 per cent of its pulp, and if domestic demand continues growing imports will have to increase rapidly. Also, because of the rise in the yen's value, the pulp and low-value paper products made in Japan are losing their competitive

However, with the C\$631m (US\$513m) purchase in June of the North American paper interests of Reed International of the UK, Daishowa Paper is buying an existing business with existing markets. Neither raw materials nor products will be shipped from the Reed properties to Japan.

It is still too early to tell whether this is the beginning of a trend. Some analysts have visions of Japanese paper com-panies buying up North Ameri-can rivals with the same zeal that European cement compames bought US cement groups

a few years ago. Certainly, they now have the means to do it, thanks to the high yen and a recent surge in

But Japanese paper industry officials point out that Daishowa, Japan's second largest

apan's venerable pulp and of a special case within the to Y145bn and those of Jujo overseas expansion plans with industry, being family con-trolled and inclined to aggres-

sive management. Even if others do not follow Daishowa's lead, its moves reflect a new mood of confi-dence in the industry as a whole Until the last couple of years, the Japanese paper industry had been in the doldrums for so long it had become known as a low-margin

Paper, the number three company by sales, rose 19 per cent

Virtually all the industry's prosperity is due to domestic and. Japan is not a significant exporter of paper or paper products. Less than 4 per cent of the industry's output is exported, and no one expects this to change much. However, the strengths of the domestic market and of the

a view to heading off intensi-fied competition in the Japanese market from foreign companies. Among the main

acquisitions to date:

• In November 1986, Kanzaki
purchased a US thermal paper
plant in Massachusetts from Ludlow for \$10m. It is now investing \$40m for a fourfold capacity expansion, thanks to the boom in facsimile machines in the US market.

 A number of Japanese companies are in discussion with North Broken Hill in Australia to develop a new pulp mill at Wesleyvale in Tasmania.

 Daishowa Canada is investing \$500m in a huge project in Alberta, Canada to build a bleached kraft pulp mill to sup-port its printing paper plants We feel welcomed by local people. We think that they expect we

> Japanese paper industry officials detect three new trends in

> Oji Paper has set up a joint venture in Canada – Howe

Sound Pulp and Paper - with Canfor, a Canadian group, to take over a Canfor pulp mill

with a view to expanding production by 60 per cent to 350,000 tonnes by 1990.

Firstly, they say that in the past Japanese companies tended to be content with minority positions in overse ventures. Now they are taking the lead.

Secondly, the scale of the projects is much larger than for those in the past and, finally, overseas expansion is in low-value products,

The Daishowa acquisitions and the Kanzaki thermal paper investment are more interesting, representing an undisguised desire to expand abroad for its own sake. As in many other industrial sectors, the Japanese suspect that even though they use much the same equipment and technol-ogy as their overseas rivals, they manage their mills better.
"We feel welcomed by the local people. We think that they expect that we will make

Eastern Air to go ahead with 4,000 dismissals

EASTERN AIR LINES, fresh missing its employees while it was still bargaining with their legal skirmish against its unions on a long series of work unions, said it would go ahead with the 4,000 dismissals which disputes. He accepted the unions' conit was prevented from carrying out by an earlier court deci-sion, delivered in Washington last week. tention that the dismissals were motivated not just by economic pressures, but also by a tactical plan to transfer some

The struggling carrier, one of the two main operating subsidiaries of Texas Air, the biggest US airline company, had announced almost two months ago that it intended to sack 4,000 of its employees, cancel more than 10 per cent of its daily flight schedule and close its big route hub and regional operations centre in Kansas

These actions were suspended, however, when a Federal court in Washington issued a series of injunctions, responding to a union suit which charged the airline with violating the status quo provisions of the Railway Labour

This law, which governs labour relations in all US transport industries, requires unions and management to bargain in good faith and not take disruptive actions while negotiations are in prog-

Last week, Federal District Judge Barrington Parker held that the Railway Labour Act prevented Eastern from dis-

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FINANCIALTIMES

will make more investments and help them make higher profits'

Its problems began in the 1950s when companies had to from imports could intensify. Invest heavily to keep up with surging demand arising from Japan's rapid economic growth. "Every mill concentrated only on the expansion of production, not profit," an industry official said.

Also, as paper was not a pri-ority industry compared with, say, steel and shipbuilding, the industry had to pay relatively high prices for its capital.

Then there was the sudden switch in the mid-1970s when the first oil shock caused raw material costs to soar and demand to fall until the early 1980s. In 1962, the average pre-tax margin of the 13 leading companies in the sector was just over 2 per cent.

Since then profits have soared Last year, pre-tax prof-its of Oii Paper, the industry leader, jumped 27 per cent to Y31.9bn (\$234.7m) and the company enjoyed a profit margin of 8.2 per cent. Daishowa's pretax profits were up 9 per cent

A of paper and paper-board are still small. Last year they amounted to 888,084 tunnes — 3.8 per cent of consumption — but Japanese industry leaders say they would be rising rapidly if demand were not very strong elsewhere in the world.

Mr Toshihiko Kawamura, president of Kanzaki Paper, a medium-sized company, says: "If demand cools down abroad, there will be a flood of imports

Mr Yoichi Okumura, general manager of Kanzaki's planning division, says Japanese mills will have to shift to higher value products. "It is just like what happened to the British mills a few years ago, when the pound rose and they could not compete with Scandinavian

Thus the companies have been accelerating their own

Settsu, a paperboard maker, invested \$32.5m for a 21.5 per cent interest in a Caraustar Industries venture in Georgia to make box board from recycled paper.

• In February this year,

• The following month,

Daishowa acquired a printing paper plant in Washington state from James River of Virginia for \$78m. It plans to make telephone directory paper there.

• In June, Daishowa acquired the North American assets of

Reed International, mainly a newsprint mill in Quebec.

• In July, Settsu bought a 9.6 per cent equity stake in USG, the Chicago building products group, although Settsu says its In addition, there are a number of new projects under way

 Japan Brazil Paper and Pulp Resources Development, a joint venture involving 18 Japanese venture involving 18 Japanese companies that began producing pulp in 1978, has just more investments and help them make higher profits," a Daishowa official says.

SCA in newsprint mill venture

is a higher value-added prod-

The Swedish group said because it was losing newsprint capacity in Sweden, it needed to compensate on the Continent.

SCA plant will supply the Nordic countries and northern Europe.

the pine for the newsprint production while SCA is contributing technology and marketing organisation.

State reduces holding in Jamaica telecoms group

By Canute James in Kingston

FOURTEEN Jamaican Jamaica is a holding company companies have agreed to underwrite an offer by the island's Government of 13 per cent of the shares of Telecommunications of Jamaica, in which Cable and Wireless of the UK has a 39 per cent inter-

The offer involves 105.4m shares which are being sold for \$16.85m. It will reduce the Government's stake in the company to 40 per cent, putting the majority of the assets in pri-

Telecommunications of of Jamaica.

for the island's telephone and external communications companies. The sale is part of a programme to divest state property.

of Eastern's operations to

Texas Air's non-unionised sub-

However, in a clarification of

his ruling, Judge Parker said

the airline could go ahead with

its schedule changes and flight

cancellations, in effect requir-

ing the company to continue

employing people for whom there would no longer be work

Eastern immediately appealed this decision and on

Friday night received a provi-

sional clearance from the Court of Appeals to go ahead

with the dismissals.

However, the airline was required to post a bond of

\$4.7m to guarantee compens

tion or reinstatement for the dismissed workers if it should

lose its case in the full hearing

to be held before the Court of

Lawyers for the unions said they expected the case to be decided later this week,

although there could be no cer-

tainty about this until the

court released its schedule of

to do.

Appeals.

sidiary, Continental Airlines.

The island's only cement company and haif of its largest private bank have already been

The 14 companies, which include commercial banks, building societies and insurance firms, have also agreed to buy a half of the shares being

Husky signs deal to build C\$1.3bn upgrading plant

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26 3

HUSKY OIL, controlled by which can be refined into oil Canada's Nova Corp in con-junction with Mr Li Kashing, products. It will be operated by a concern owned 31.7 per cent by the Canadian Government, 26.6 per cent by Husky, 24.2 per the Hong Kong financier, has signed an agreement with the governments of Canada and its Alberta and Saskatchewan provinces to build a C\$1.3bn (US\$1.05bn) crude oil upgrader near Lloydminster on the

By Sara Webb in Stockholm

SCA, ONE of the leading have not been finalised. Swedish forestry groups, and Cellulose du Pin, a subsidiary of the French St-Gobain group, are to set up a jointly-owned newsprint mill costing up to FFr2bn (\$316.9m).

The new mill, which will cent by Alberta and 17.5 per have an annual production cent by Saskatchewan. capacity of 210,000 tons, is due Each partner will contribute to start operating in 1990. It to the venture's capital cost in will be built in south-west near Lloydminster on the Alberta-Saskatchewan border.

The 46,000 b/d plant will convert heavy oil and bitumen into a synthetic crude oil the proportion to its participating interest, with Husky deemed to have contributed C\$100m already by way of site acquisition and engineering. France and will supply the southern European markets. SCA expects to own about a third of the share capital in the new concern, although details

こう 嫌からる 海 ねるい

The deal enables SCA to produce newsprint outside Sweden for the important EC markets while allowing Cellulose du Pin, the leading company in the French paper industry with annual sales of FFr8.5bn, to begin newsprint production.

SCA has the capacity to produce about 600,000 tons of newsprint at its Swedish plant but plans to convert 110,000 tons of this newsprint capacity to lightweight coated (LWC) paper production by 1990. LWC

Cellulose du Pin is supplying

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INTERNATIONAL CAPITAL MARKETS

France leads the EC mutual funds race

George Graham looks at the impact of a single European market on unit trusts

¬ rance's Sicavs have passed the milestone of FFr1,000bn (\$158.4bn), underlining their position as by far the largest unit trust industry of Europe.
At the end of July, according

to the financial statistics specialist TGF, the 698 French Sicavs - Sociétés d'Investissement à Capital Variable managed between them a total of FFr1008.9bn. With the addition of some FFr300bn of Fonds Communs de Placement (FCPs), which are limited in size to a maximum of FFr500m but have more flexibility in their investment portfolios, France probably boasts more than half the mutual funds in the European Community.

For the mutual fund industry, the opening of EC markets takes place in October 1989, not in far-off 1993. Under a directive of December 1985, EC member countries must by then change their laws to allow funds conforming to certain rules – labelled Undertakings for Collective Investment in nsferable Securities (Ucits) in English or Organismes de Placement Collectif en Valeurs Mobilières (OPCVM) in French – to be sold throughout the

The mass of capital thev have under their belts should give French fund managers a head start, but the industry has its own handicaps, some of which, it is feared, could create grave competitive disadvantages after October 1989.

The industry has developed, partly thanks to specific domestic tax incentives, largely on the back of existing hank branch networks. The

five largest banks - Crédit Agricole, Banque Nationale de Paris, the Post Office, Crédit Lyonnais and Société Générale per cent of Sicav funds.

It has also, more recently, been channelled largely into short-term monetary funds which, although not allowed to invest directly in the money market, specialise in such proxy investments as Treasury bills, commercial paper and, in order to comply with an informal but nevertheless strict code of conduct obliging them to invest at least 40 per cent of their portfolio in listed securities, in bond repurchase

Short-term Sicays totalled FFr587bn under management at the end of July and accounted for 95 per cent of net new subscriptions in the nine months since last October's stock market crash.

These money market substi-tutes have grown thanks to the ban on interest-bearing current bank accounts and to the strict regulation of deposit interest rates at 4.5 per cent. But they are the subject of acute competition: entry fees have fallen to zero, and annual management fees are low.

The decline in fees has proved contagious, spreading first to bond funds, which now have entry fees in the region of only 0.5 to 1 per cent, and then to equity funds, with a 2.5 to 3 per cent front-end load. Mr Alain Hindié, in charge of mutual funds at the Crédit Lyonnais, says: "At these fee levels the profitability clearly

comes elsewhere, from the fact that the bank avoids having to supply made-to-measure invest-



Daniel Lebegue: EC tax needs

ments for each client, from the simplification of treasury management and from the reduction in the number of small, individual stock market orders the bank would otherwise have to handle."

There have been some efforts by banks to broaden their customer base. Crédit Lyonnais, for example, has created a special fund investing in bonds issued by the SNCF state railways and marketed to SNCF employees and pensioners - some 600,000 potential

But with the exception of Cortal, the still small fund management subsidiary of Compagnie Bancaire, which markets by direct mail, French mutual funds are still sold overwhelmingly over the counter to a bank's existing

company as an adjunct to an insurance contract. This may strengthen French fund managers against inroads from foreign groups after Octo-ber 1989.

Mr Pierre Balley, vice-president of the French investment funds association, says: "Setting up a competing distribu-tion network will be very On the other hand, as Mr

Pierre Achard pointed out in a recent finance ministry report on the prospects for the French banking and insurance sectors in 1992, French fund managers have in many cases been left behind in the development of new marketing techniques. Mr Achard says: "We run the risk of finding ourselves helpless in the face of powerful foreign competitors, the Dutch fund Robeco, for example, or the American company Fidel-ity, who will use modern sales methods, passing as needed through non-banking intermediaries, and will be able to take advantage of the changes in the behaviour of the younger

In order to be able to compete on even terms with their foreign rivals – which may soon be freely distributed in France so long as they conform to the EC rules - French fund managers demand three major changes in the rules governing Sicavs and FCPs. First, the obligation for all

Sicavs (though not FCPs) to hold at least 30 per cent of their portfolio in bonds, even if they are primarily equity funds, must be abolished. Second, the code of good conhold at least 40 per cent of their portfolio in listed securities must go, to enable the creation of real money market

Third, the requirement for funds to distribute accrued income to investors as well as coupons they actually receive, thus effectively preventing roll-up funds, is viewed as an unnecessary penalisation of unnecessary penalisation of French fund managers. In most other EC states, funds can indulge in "bond-washing," exposing their investors only to the usually low rates of capi-tal gains tax, rather than income tax, by avoiding actually receiving dividends.

More broadly, many French
financial institutions have
espoused the argument of Mr

Daniel Lebegue, former direc-tor of the Treasury and now joint managing director of BNP, who argued in a recent report for the National Credit Council that France taxes investments more heavily than other EC countries and so runs the risk of dangerous capital outflows once the internal market is opened up, unless taxa-tion is harmonised throughout

Time is now pressing Lux-embourg passed its OPCVM law in March and it will soon be possible to market funds conforming to its requirements elsewhere in Europe. The Grand Duchy has added a twist by obliging new funds to be really administered in Luxembourg, but several French banks have, nevertheless, reg-istered OPCVMs there.

Anyone waiting for 1992 will be left behind.

Mortgage lenders pump life into Labor Day

By Our Euromarkets Staff

TWO UNUSUAL issues for morigage lenders yesterday broke the Labor Day torpor as it spread across the Atlantic into the Eurobond markets. With US financial markets

closed for the holiday that tra-ditionally marks the end of summer, most Eurobond trad-ing desks were working half-staffed with almost no activity in secondary markets.

Abbey National Building Society, the UK's second largest, launched the first issue by

a UK society in French francs a FFr800m five-year deal with a 9% per cent coupon. Abbey National said the funds were swapped into floating rate sterling, but declined to give details of its financing costs. The issue was lead managed by Credit Lyonnais.
As with previous Eurobonds.

the indenture carries call protection for bond holders in the event that Abbey National, now a mutually-held organisa-tion, succeeds in its plan to become a public limited com-

pany.
The other mortgage-related issue was the first public deal of its type for a Canadian bor-rower and was lead managed by Shearson Lehman Hutton. Royal Trustco Mortgage Finance, a special purpose company, issued C\$75m in five-year Eurobonds bearing a coupon of 10% per cent and priced at 101% per cent to yield 69% basis points over Cana-

The borrower is a sole-purne portower is a solar-purpose company established by
Royal Trusteo of Canada and
its assets consist of C\$120m in
mortgage backed notes issued
by a Royal Trusteo affiliate
and ultimately backed by home

and unmanely racket by home mortgagebacked issues, the bonds have a final maturity date rather than an expected average life, making them more useful to investors who need to match

INTERNATIONAL BONDS

assets and liabilities. The assets and habitudes. The structure is possible with Canadian mortgages because they are typically granted for five-year periods and have much lower pre-payment rates than those in the US or the UK. The bonds are expected to

carry a triple-A rating.
A single issue emerged in US
dollars, although several man-dates are said to have been assigned with imminent launch dates. Because US Treasury markets were closed yes-terday, it was virtually impos-sible to effect the interest rate swaps which the borrowers require. London's US Treasury bond markets on their own are not deemed to be liquid enough to arrange swaps for large Eurobond issues.

Marubeni UK, a subsidiary

of Japan-based Marubeni of dapan-baset marticelli, issued a \$100m five-year Euro-bond bearing a 9% per cent compon and a guarantee from Fuji Bank. The bonds were priced to yield 71 basis points over US Treasuries. Lead manager Yamaichi International said the bonds were trading inside their 1% per cent fees although the bonds were seen trading at a loss on one bro-ker's screen at less two bid.

Also, the temporary embargo in equity warrant bonds was broken with the launch of two

new deals.

Daiwa Europe launched a

\$200m four-year deal for Casio Computer with an indicated computer with an indicated coupon of 5 per cent. The deal, which had been postponed from last week, was quoted by the lead manager at just outside its 2½ per cent fees at 97% bid.

Yamaichi International launched a \$100m four-year equity warrant bond for Furuawa, a manufacturer of construction machinery. The bonds were assigned a coupon of 5% per cent, well below the highest seen on recent similar

in the West German domes-tic bond market, prices gamed as much as 70 basis points, aided by the sharp improve-ment in New York bond prices last Friday. Eurobonds gained on average 60 basis points but both markets eased late yesterday on the absence of any fresh factors.

Seats offered on Dublin market

By Our Euromarkets Correspondent

THE EUROPEAN Mercantile Exchange, which plans to establish a futures market in Dublin opening next May, said yesterday it was offering for sale 200 seats on the exchange.

The exchange, which already has 70 founder members with seats after an initial offering which was oversubscribed, said the new seats would be offered at 1925,000 each. The exchange plans to trade on the Chicago "open outcry" model, although a screen trading facility is also said to be planned.

Japan poised for half-year issues record

JAPANESE companies are set to raise a record Y6,478bn (\$47.7bn) in new equity and convertible bonds in the financial half-year which ends this

Equity issues for the first-half of the 1988 financial year, which runs to next March, are expected to total Y1,895bn, almost as much as the Y1,973bn raised in the whole of the year to last March, according to a survey of 30 Japanese

securities brokers.

Convertible bonds are forecast to total Y4,583bn, 79.6 per cent more than for the same period last year. Financial companies raising funds to boost their balance sheets account for just under half the

Commercial banks, which are making the largest individ-ual issues, need fresh capital to comply with new international rules on capital adequacy agreed by the Bank for International Settlements, the central banks' group.

Industrial companies are tap-ping the market for money for capital investment, which is running at record levels in Japan. Industry is gearing up, chiefly in response to soaring domestic demand for manufac-

tured goods. The weight of these issues has put pressure on prices in the stock market, according to some analysts. In September

alone, equity issues totalling Y1,173bn are planned. The fall in Japanese equity prices in the last week could test investment managers' appetites. Japanese companies usually make it a point of honour to ensure that new shares are never offered at prices below the previous offering.

But Sumitomo Bank is this month issuing stock at Y3,262, below the price of shares sold last September at the equiva-

lent (after allowing for a scrip ue) of Y3,568.

The weakness in the market could also hamper the Japa-nese Government's ability to make its third offering of shares in Nippon Telegraph & Telephone, the telecommunications group, at a price at least equal to the Y2.55m at which shares were sold last October. NTT closed yesterday at

However, BZW, the securities arm of Barclays Bank, believes that many companies will cancel fund-raising plans if conditions become difficult.

Air India hopes to fly into the black By R.C. Murthy in Bombay.

AIR INDIA, the country's flag carrier, hopes to return to profit this year after being in the red for the past two years. The optimism stems from an improved performance in recent months. In July it made a net profit of Rs40.5m (\$2.8m)

and Mr Rajan Jetley, managing director, says preliminary indications show the trend was maintained in August. Air India incurred a loss of Rs440m in the year to March, and this had been projected to

widen this year to some

state-owned airline has not approved a management pro-posal to finance this by selling

Rs570m. The board of the

Mr Jetley attributes the bet-ter outlook to an increase in

willow.

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rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

																<u>:</u>	
Afghanistan Albania	(Lek)	10.20	58.8671 6.0498	31.7346 3.2613	43.2933 4.4492	Greenland (Da Grenada	(E Carr S)	4.55	7.1322 2.6986	3.8449 1.4548	5.2453 1.9847 4.6444	Peru	(Inti)	55.62150 351.96a	32,9902 208,7544	17.7846 112.5371	24.2623 153.5267
Algeria	(Dinar)	10.60	6.4056	3.4532	4.7110	Guadaloupe Guam	(Local Fr)	10.6475	6.3152	3.4044 0.5390	4.6444 0.7354	Philippines	(Peso)	34.30	20.3440	10.9672	14.9618
Andorra	(Fr Fr) (Sp Peseta)	10.6475 208 00	6.3152 123 3689	3.4044 66.5067	4,6444 90,7306	Guatemala	(Quetzal)	1,6860	1	0.5390	0.7354 1.9369	Pitcalm Is	(enilre)2 CZ SM)	1.00 2.7175	0.5931 1.6118	0,3197 0,8689	0.4362 1.1853
Angola Antigua	(Kwanza) (E Carr S)	50.9675 4 55	30.2298 2.6986	16.2965 1.4548	22.2322 1.9847	Galmea	(Fr)	4.4404a	2.6336 299.7330	1,4197	1.9369 220.4362	Poland Portugal	(Zloty) (Escudo)	792.05 257.50 1.6860	469.7805 152.7283	253.2533 82.3341	345.4%1 112 3227
Argent Ina	(Austral)	20.1525	11.9528	6.4436	8.7906	Guinea-Bissa	u (Peso)	1094.92	649.4187	350.0943	477.6095	Puerto Rico	(US \$)	1.6860	ī	0.5390	0.7354
Aruba Australia	(Florin) (Aus S)	2.1045	1.7852 1.2482	0.9624 0.6729	1.3129 0.9179	Goyana ((Guyanese S)	15.1515	8.9866	4.8446	6.6091	Catar	(Rbal)	6.1405	3.6420	1.9633	2.6785
Austria Azores	(Schilling) (Port Escudo)	22.005 257.50	13.0516 152.7283	7.0359 82.3341	9.5986 112.3227	Haiti Honduras	(Goude) (Lempira)	8.4225 3.3710	4.9955 1.9994 7.7988	2.6930 1.0778	3.6739 1.4704	Resnion Is. de	-	10.6475	6.3152	3,4044	4.6444
	(Bahama S)	1.6860	1,000	0.5390	0.7354	Hong Kong	(HK \$)	13.1488	7.7988 53.6952	4.2042 28.9465	5.7355 39.4897	Romania	- (Cau)	34.78	8.7663 79.5586	4.7258	6.4471 58.5107
Bahamas Bahrain	(Dinar)	0.6360	0.3772	0 2033	0.2774	Hungary	(Foriat)				-	Rwanda	(Fr)	134.1336		42.8891	
Balearic is Bangladesh	(Sp Peseta) (Taka)	208 00 52 50	123.3689 31.1387	66 5067 16,7865	90,7306 22,9007	iceland (icela hadia (ic	indic Kroga) idlan Rupee)	24.10	46.4709 14.2941	25.0519 7.7058	34,1766 10.5125	St Christopher St Helena	Œ Carr S)	4.55 1.00	2.6986 0.5931	1.4548 0.3197	1.9847 0.4362
Barbados	(Barb S)	3 3880	2 0094	1.0832	1.4778	Indonesia Iran	(Rugiah) (Rial)	2869.845 118.50	14,2941 1702,1619 70,2846	917.6163 37.8896	1251.8407 51.6902	St Lucia	(E Carr \$1 (French Fr)	4.55 10.6475	0.5931 2.6986 6.3152	0.3197 1.4548 3.4044	1.9847 4.6444
Beigium	(Beig Fr)	65.60c 66 60g	38.9086 39 5017	20.9752 21.2949	28.6150 29.0512		Graqi Dinar) (Punt)	0.5242	0.3109 0.6924	0.1676 0.3733	0.2286 0.5092	St Vincent San Marino (h	(E Carr S)	4.55 2331.75	2.6986	1.4548 745.5635	1.9847
Betize Benin	(BS)	3 3690 532 37	1.9982	1 0772 170 2222	1 4695 232,2224	Israel	(Sheke()	2 7770	1.6470	0.8879 745.5635	1.2113	São Torre	(Dobra)	131.01	1383.0071 77.7046	41.88% 2.0212	1017.1270 57 <u>.14</u> 72
Bermuda (Bermudian St	1 6860	315.7591 1	0.5390	0.7354	Italy Ivory Coast	(Lira) (CFA Fr)	2331.75 532.37	1383.0071 315.7591	745.5635 170.2222	1017.1210 232.2224	Şapdi Arabia Senegal	(CFA Fr)	6.3215 532.37	3.7494 315.7591	170,2222	2.7574 232.2224
Bhutan Bolivia	(Ngultrum) (Boliviano)	4 24	14 2941 2.5148	7.7058 1.3557	10 5125 1.8495	Jamalea (.	Jamaican S)		5.3919	2.9067	3.9654	Seychelles Sierra Leone	(Rupee) (Leone)	9.30	5.5160 35.9489	2.9736 19.3796	4.0567 26.4383
Botswana Brazil	(Pula) (Cruzado)	3 3025	2.5148 1 9587 299.5729	1.3557 1.0559 161.4964	1.4405 220.3184	Japan Jorgan Clords	(Yen)	229.25	135.9727 0.3769	2.9067 73.3013 0.2031	100 0.2772	Singapore Solomon is	(2)	60.61 3.4258 3.6340	2.0319 2.1553	1.0953 1.1619 96.94%	1,4943
British Virg Brunei	la Is (US \$) (Brunei \$)	1.6860	2.0357	0.5390 1.0974	0.7354 1.4971	1			100		73.5441	Somali Rep	(SMIIINS)	303.21	21553 179.8398	96.9496	1.5851 132.2617
Batgaria	(Lev)	1.4461	0 8577	0 4623 170,2222	0.6307	Kampuchea Kenya (Ker	(Riel) Ya Shiiling)	30.85	18.2977 1.2482	53,9088 9.8641	73.5991 13.4569 0.9179	South Africa	(Rand)	4.0745c 6.2965g	2.4166 3.7345	1.3027 2.0132	1.7773 2.7465
Burning Fas Burma	(Kyat)	11.2754	315.7591 6 6876	3 6052	232.2224 4.9183	Kiribati (A Kores North	(Won) (Won)	1 6340	1.2482 0.9691	0.6729 0.5224	0.71 <i>2</i> 7	Spala	(Peseta)	208.00	123,3689	66.5067	90.7306
Burundi	(Burundi Fr)	264.81	157.0640	84.6714	115.5114	Korea South Kilwalt (Kir	(Won)	1216.23	721.3701 0.2854	0.5224 388.8824 0.1538	530.5256 0.2099	Spanish Ports N Africa	N S- 8-441	200.00	123,3689	66 5067	90.7306
Cameroon Capada	(CFA Fr) (Canadian S)		315 7591 1.2336	170. <u>2222</u> 0.6650	232.2224 0.9073	Lacs	(New Kip)		349.6886	188 5131		Sri Lanka Sudan Reo	(Kabee)	55.00 7.5803 3.0068	32.6215 4.4960	66.5067 17.5859 2.4237	23,9912 3,3065 1,3115
Capary is	(Sp Peseta)	208.00	123 3689	66.5067 41.5671	90.7306 56.7072	Lebanon	(Lebanete E)	648.53	384.6559	207.3637	257,1755 282,8920	Surinam	(Sulder)	3.0068	1.7833	0.9614	1.3115
Cp. Verde is Cayman is	(CI SI	1.3981	77 1063 0 8292	0.4470	0.6098	Lesotho Liberia	(Maluti) (Liberian 5)	4.0745 1.6860	2.4166	1.3027 6.5390	1,7773 0,7354 0,2194	Swaziland (Sweden	(Libooeul)	4.0745	2.4166 6.4427	1.3027 3.4732	1.7773 4.7382
Cent Afr Re	(CFA Fri	532 37	315 7591 315 7591	170.2222 170.2222	232,2224 232,2224 180,9814	Libya (Li Liechenstein	(Swiss Fr)	1.6860 0.5030 2.6325	0.2983 1.5613	0.1608 0.8417	0.2194 1.1483	Switzerland Syria	Œr)	10.8625 2.6325 35.3745	6.4427 1.5613 20.9813	3.4732 0.8417 11.3107	4,7382 1,1483 15,4305
Calle (Chilean Peso) mmiebi Yuan)	414 90	246 0854 3.6845	132 6618 1.9862	180.9814 2.7097	Luxembourg	(Lux Fr)	65.60	38.9086	20.9752	28.6150	Tahwan	c s	48.4750	28.7514		
Colombia Compro is	(Col Pesa) (CFA Fr)	524.93	311 3463 315,7591	167.8433 170.2222	22R 977N	Macao Madeira (F	(Pataca)	13,5434 257,50	8 0328 152,7283	4.3304 82.3341	5.9076 112 3227	Tanzania Theiland	(Shilline)	177.00	104.9822 25.2669	15.49% 56.5947 13.6211	21.1450 77.2082 18.5823
Congo (Bra	22) (CFA Fri	532.37	315.7591	170.2222	232 2224 232 2224 56.5408	Malagasy Res	ort Escudo) (MG Fr)	2094.27	1242 153n	4064 044	913.5310	Togo Rep	(Baht) (CFA Fr)	42.60 532.37	214 7507	170.2222	232 2224
Costa Rica Coba	(Colon) (Cuban Peso)	1 2829	76.8801 0.7609	41 4452 0.4101	0.5596	Malawi Malaysia Maldive Is	(Ringagit)	4.4923	2.6749 2.6644 10.0910	1.4420 1.4363 5.4399	1.9672 1.9595	Tonga is Trinkdad/Toba	(Pa Anga) 20 (S)	21045 71591 15306	1.2482 4.2462	0.6729 2.2890	0.9179 3.1228
Cyprus	(Cyprus £) kla (Koruna)		0.4752 5.5160	0 2561	0.3494 4.0567	i Maii Reo	(Ruriya) (CFA Fr)	17.0135 532.37	10.0910 315.7591	170.2222	7.4213 232.2224	i Trankta	(filese)	1.5306 2594.01	1.2482 4.2462 0.9078 1538.5587	2.2890 0.4894 829.4196	0.6676 1131.5201
COCONDIDIZA	TIE THURSDAY	16.191 15.58t	9.6026 9.2408	2.9736 5.1766 4.9816	7.0621 6.7960	Martipique	(Maltese D (Local Fr)	10 6475	315.7591 0.3435 6.3152	0.1852 3,4044	0.2526 4.6444	Turkey Turks & Calcos Tuvain (Ag	(USS) etralian Si	2594.01 1.6860 2.1045	1 2482	0.5390 0.6729	0.7354 0.9179
		13 304	_		-	Mauritania Mauritius (1	(Cogulya)	125.12 23.69	74.2111 14.0510	40.0063 7.5747	54,5779 10,3336	Uganda (Ne	w Sh1()1pg)	252.97	150.0415	80.8856	110.3467
Denmark ID	anish Kroner)	12.0250	7.1322 173 1909	3 8449 93,3653 1.4548	5.2453 127.3718 1.9847 3.6728		erican Peso)	3853 60a 3801.926		1232,1662	1680,9596	UAE	(Dirham)	6.1908	3,6718	1.9794 0.3197	2.7004
Dominica	(E Carrib S) Rep (D Peso)		2.6986 4.9940	1.4548 2.6922	1.9847		(Local Fr)		2285,6465 2254,9940 6,3152	3.4044	1658,4165	United Kingdon United States	(US 5)	1.00 1.6860 641.33	0.5931	0.5390	2.7004 0.4362 0.7354
COMMISSED I	- (U FE)(I					Miquelon Monaco	(French Fr)	10.6475	6.3152 6.3152 3.3524	3.4044	a fiada	Uniquay USSR	(Peso) (Rosbie)	641.33 1.0585	380,3855 0.6278	205.0615 0.3384	279.7513 0.4617
Ecuador	(Sucre)	656 500 862 13a	389.3831 511.3463	209.9120 275 6610	286.3685 376.0654	Mongolia Moniserrat	(Togrik) (E Carr S)	4.55	2.6986	1.8072 1.4548	2.4655 1.9847	Varnate	(Vatu)	167.50	99.3475	53.5571	73.0643
Egypt El Salvador	(Egyptian £)	3 8900	2.3072	1.2438	1 6968	Morocco Mozambiose	(Dirham) (Metical)		8.3867 585.2787	4.5211 315.5171	6.1679 430,4383	Vatican	(Lira)	2331.75	1383.0071	745.5635	1017.1210
Eouat I Guk	(Colon)	8 4275 532.37	4 9985 315 7591	2.6946 170 2222	3.6761 232.2224	Namibia	(S.A.Rand)			1.3027	17773	Venezuela	(Bollvar)	24.4253e 12.6338p	14,4871 7,4933 36,7378	7.8098 4.0395	10.6544 5.5109
Ethlopia (E	Lhiopian Birr)	3 4625	2.0536	1.1071	1.5103	Nauru is (A	ustralian \$7 alese Rupee)	2.1045	2.4166 1.2482 22.2775	0.6729 12.0095	0.9179	Vietnam		61.94I	367.6749	19.8049	27.0185
Falkland is	(Falk E) anish Kroner)	1.00	0 5931 7.1322	0.3197 3,8449	D.4362 5.2453	Netherlands	(Guilder)	3.5325	2.0951	1.1294 0.9624	16.3838 1.5408	Virgin is-Britis	h (Done)	619.90 1,6860	307,0144 1	198.2094 0.5390	270.4034 0.7354 0.7354
Fijilis	(Fi(I \$) (Markka)	2 4745	1.4676	ก 791 <i>ว</i>	5.2453 1,0793 3,2322	N'nd Antilles New Zealand	(N7 5)	3.01 2.7175	1 7852 1.6118	0.9624 0.8689 97.0071	1.3129 1.1853	Virgin is-US		1.6860	4	0.5390	
Finland France	(Fr)	10 6475	1.4676 4.3950 6.3152 315.7591	2.3693 3.4044 170,2222	4.6444 232.2224	Nicaragua Niger Rep	(Cordoba) (CFA Fr)	2 7175 303 39 532 37	179.9466 315.7591	170.2222	132.3402 232.2224	Western Samo			2.0640	11127	1.5179
Fr Cty/ASri Fr. Geigna	(Local Fr)	10 6475	D 3152	3.4044	232,2224 4 6444 88,1134	l Niceria	(Naira) Nor. Krone)	7.9224	4.6989 6.8905	2.5331 3.7146	3.4557 5.0676	Yemen Yemen PDR	(Rial) (Dinar)	17.29 0.5778	10.2550 0.3427	5.5283 0.1847	7.5419 0.2520
Fr. Pacific I			119.8102	64.5883		1	Rial Omani)		0.3852	0.2076	0.2833	Yugoslavia		4900.00	0.3427 2906.2870	1566.7466	2137.4045
Gabon Gambia	(CFA Fr) (Dalasi)	11.96	315.7591 7.0937	170.2222 3.8241	232.2224 5.2170	I _	Pak. Runee)		17.9715		13.2170	Zaire Rep Zambia	(Zaire) (Kwacisa)	338.7822 13.10	200.9384	108.3236 4.1886	147.7784
	st (Ostmark)	3 1275 3 1275	i 8549 1.8549	1	1.3642 1.3642	Рапагла	(Balboa)	1 6860	1	9.6882 0.5390	0.7354	Zimbabwe		13.10 3.1275	7.7698 1.8549	1 1	3.7142 1.3642
Ghana	(Cedi)	384.52	228.0664	122.9480 0.3197	167,7295	Papua New Gu Paraguay	(Guerani)		0 8704 319,9051	0.4692 172.4572	0.6401 235.2715						

COLLECTION SERVICES 01-739 431

FT INTERNATIONAL BOND SERVICE Listed are the latest international bonds for which there is an adequate secondary market.

Change on September 1
Change on September 2
Change on September 3
September 30 week Visid 55 100-1, 100-1, 101-1, -01-1, 5.27
45 95-1, 96-1, -10-1, -01-1, 5.57
80 97-1, 97-1, 40-1, 0 5.18
20 98-1, 98-1, 40-1, 0 5.41
30 98-1, 99-1, 0 -01, 5.40
50 -97-1, 98-1, -10-1, 5.51
150 101-1, 102-10-1, 0 5.13
50 98-7, -77-1, 40-1, 0 5.33
50 101-1, 101-1, -10-1, -0-1, 5.15
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INTERNATIONAL COMPANIES AND FINANCE

Boral to maintain pace of acquisitions and shows 17% rise

its rapid pace of acquisitions in spite of apparently modest growth in underlying earnings

in the latest June year.

Net profits rose 17 per cent
to A\$208.6m (\$165.5m) from
A\$178.1m in the period on an
almost identical percentage
boost in revenue to A\$2.8bm.

Boral is raising the fully-franked annual dividend to 19.5 cents a share from 18 cents and is making its first bonus issue in five years, in a one-for-five ratio. The company has also announced a one-for-eight rights issue at A\$3.15 each to follow the bonus and raise

A large portion of funds from the issue is earmarked for another expansion announced by the group yesterday acquisition of the 26 per cent
stake in Blue Circle Southern
Cement which it does not
already control from Adelaide
Brighton Cement Holdings for

The purchase means Boral is off to an acquisitive start to the current year after spending more than A\$160m on a string of small purchases in the latest year. It has already spent A\$43m since balance date acquiring the brick, block and paver assets of the Calsil

The rights issue will be underwritten by the AMP Society, a leading Boral shareholder. Boral's selection of the AMP offers some insulation against a large shortfall in the issue on any sudden market

it reflects a lesson learned by the company last year when it launched an unsuccessful issue

BORAL, the Australian just before the October share building products group, has crash. Boral shares closed 11 signalled the maintenance of cents higher at A\$4.91 yestercents higher at A\$4.91 yester-day, but were ahead 20 cents before the share issue was

The rapid pace of acquisi-tions pushed up the group's interest bill another 31.3 per cent to A\$66.9m and was an obvious brake on earnings growth. The directors did not give an earnings breakdown, but it appears that without the cut in Australia's corporate tax rate from 49 per cent to 39 per cent and last year's A\$500mplus Blue Circle Southern acquisition, annual earnings may have fallen by 10 per cent

The national tax cut saved the company a net A\$15m on a tax bill which rose from A\$1449m to A\$163.7m. Funding of the Blue Circle acquisition was a significant contributor to the company's higher interest

Some analysts saw the result as dull, given that home approvals boomed in the period and that the company also ben-efited from bicentennial and

tourism projects.

Boral indicated that one trouble spot was the US roof tile and clay brick operations, where housing starts dropped heavily. UK operations earned higher profits, but Australiand dollar earnings from both dollar earnings from both important overseas markets were cut by a firming local cur-

. The result followed depreciation of A\$89.2m (A\$66.4m previously) and the company earned a A\$27.1m extraordinary profit, compared with a A\$260.1m loss last year, reflecting write off of goodwill on the Blue Circle purchase. Under new accounting standards, goodwill is now being amortized over 20 years.

Sekisui House lifts pre-tax revenue by 75%

SEKISUI HOUSE, Japan's leading homebuilder, showed a 75 per cent jump in pre-tax profits to Y26.7bn (\$196.4m) in the first half to July, AP-DJ reports from Tokyo. Sales grew 27.6 per cent to

Sekisul, known for its pre-fabricated houses, lifted reve-nues from housing construc-tion 34.9 per cent to Y283.8bn while property, sales totalled Y73.2bn, up 5.5 per cent.

The company plans to pay a Y10.6 interim dividend, up from Y9. Net earnings per share stood at Y24.51, up from

Sekisui officials estimated sales for the full year to January at Y720bn against Y605.6bn.

They forecast pre-tax annual profits at Y52bn, up from Y35.8bn.

Asia Securities posts 180% rise in profits

ASIA SECURITIES International, the 20-month old Hong Kong property develond Hong Kong property development company controlled by Mr Bill Wyllie, boosted net profits 180 per cent to HK\$98.2m (\$12.6m) in the six months to June and expects an only marginally smaller increase for the whole of 1988, writes John Elliott in Hong Kong.

Kong.
Mr Wyllie, the Australian financier who ran the Hong Kong based BSR International electronics group until two months ago, said yesterday that more than 78 per cent of the profits of Asia Securities had come from property trad-

January last year and has cashed in on Hong Kong's current property becam. Turnover rose to HK\$218.5m from HK\$144.8m with the takeover of Wah Ewong Prop-

Ampol announces output plan after revenue rise By Our Sydney Correspondent

SIR TRISTAN Antico, chairman of Ampol Exploration, yesterday announced an ambitious five-year plan to transform the company into one of Australia's leading ofl producers following a rise in net profits to A\$20.7m (\$16.4m) for the year to June from

A\$11.6m. Sir Tristan said the company, which spent A\$341m on acquisitions during the year A\$290m of it on acquiring the Papua New Guinea and US operations of the related Plo-neer Concrete group - aimed to double its oil output to more

than 5m barrels a year.

Ampol, which now operates Ampol, which now operates as the petroleum arm of Pioneer, lifted crude oil production during the year from 21m b/y to 2.4m b/y, largely reflecting contributions from Timor Sea wells acquired from Pioneer. Sir Tristan said Ampol had participated in 30 wells during the year and wells during the year and would have a share in more than 400 over the next five

He said: "Ampol intends. making substantial acquisi-tions over this period which will complement the expected growth in the group's produc-tion. The programme will be funded from net operating rev-

This suggests substantial reinvestment of profits and cations yesterday by passing the dividend for the year. Sir Tristan said the latest result reflected higher production, but warned that weakening crude prices could hit current-

year earnings.

The result followed a revenue rise from A\$53.5m to A\$59.3m and excluded a A\$9.1m extraordinary gain (nil

 Pan Australian Mining, one of Australia's fastest emerging gold producers, has earned a net profit of A\$33.2m from its first full year of operation at the lucrative Mount Leyshon

gold mine in Queensland.

The previous year's A\$4.2m reflected only 4% months of operation at Mount Leyshon.

Mr. Bob Bryan, managing director, said gold production in the letter year was \$1.400 or in the latest year was 91,400 oz, lifting revenue 515 per cent to A\$62.9m and making the group Australia's seventh largest

The company achieved an average gold price of A\$678 an ounce, in the year through aggressive forward selling and a floor price of A\$620 an ounce had been placed under all current-year production against a current market price of A\$540

Mr Bryan said: "By March 1989, gold production will be approaching a rate of 160,000 oz per year."

US\$125,000,000

First Chicago Corporation

Floating Rate Subordinated Cepital Notes Due December 1996

Notice is hereby given that the Rate of Interest has been fixed at 8.8125% and that the interest payable on the relevant interest Payment Date, December 6, 1988 against Coupon No. 8 in respect of US\$100,000 nominal of the Notes will be US\$2,227.60.

September 6, 1988, London By: Clibank, N.A. (CSSI Dept.), Agent Bank CITIBANCO

TNT ahead despite associates fall

TNT, Australia's largest private-sector transport com-pany, overcame a big fall in the contribution from associ-ates operations to record a 35.4 per cent rise in equity-accounted earnings for the June
year to A\$206.6m (\$163.9m)
from A\$152.6m.
The result disguised an even
more buoyant underlying trend

from the company's mainstream operations, which jumped 124.5 per cent to The equity contribution from

stay of TNT's earnings, was more than halved from A\$76.9m to A\$36.7m.

The decline reflected some hiccups in the performance of the half-owned Ansett and Bast-West/Skywest airline

operations.

Directors did not give a detailed breakdown, but said Ansett had been affected by a price war and that East-West/ price war and that East-West/
Skywest was still undergoing rationalisation. They said East-West/Skywest, however, had produced a reduced loss.

The company is joining the bonus share rush by Australian companies with a free one-for-five issue on which the directors have pledged to main. directors have pledged to maintain the latest annual payout

They said the strongest tradmg areas were Australian general transport operations, TNT Shipping and Development, TNT Express UK, TNT Traco in Italy and TNT Holland in

The directors said: "While there were some weak areas, including New Zealand, where industry conditions worsened considerably, and some ship-ping activities, further ration-alisation in many areas, together with new ventures and investments, will ensure continued growth in revenue and earnings of the TNT group worldwide."

up 19 per cent to A\$3.7bn. It excluded a A\$19.7m extraordinary gain reflecting some big underlying movements. The company previously reported a loss of A\$26.1m.

The rise came from changed accounting treatment of exchange movements, which netted a A\$10.4m gain against a loss of A\$6.9m previously.

The extraordinary rise also included A\$50.6m profit from associated companies, com-pared with a A\$15.7m loss pre-

The group's interest bill jumped from A\$102.2m to A\$142.4m and depreciation was

Bond sells Bell's stake in publisher

By Terry Hall in Wellington and Bruce Jacques in Sydney

MR ALAN BOND'S Bond Corporation yesterday began to shed assets of Bell Group, Mr Robert Holmes à Court's for-

mer flagship, just days after taking formal control. Bond sold Bell's 10.6 per cent stake in Wilson and Horton, publisher of the 250,000 circulation New Zealand Herald, for

NZ\$42.7m (\$25.8m). The price of NZ\$5.75 per share compares with a ruling market level of NZ\$6.10, but jumped from A\$102.2m to A\$142.4m and depreciation was up from A\$81.1m to A\$102.7m. represents a bigger discount on Bell's average entry price last year of NZ\$10.55. This suggests

a loss of more than NZ\$35m on the deal before holding costs. The parcel was believed to have been picked up by friends and business associates of the controlling Horton family. Independent Newspapers, New Zealand's biggest newspaper group - 40 per cent owned by Mr Rupert Murdoch's news empire - was also thought to

be interested. However, it has just received approval to buy the evening Auckland Star and might have run into Commerce Commis-

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UK COMPANY NEWS

Rumours of bid setback depresses Barker shares

By Nikki Talt

SHARES IN Charles Barker, advertising, public relations and recraitment group, fell a further 2p to 158p yesterday, amid speculation that talks with a prospective suitor – widely believed to be WPP Group – had hit a serious

Yesterday, the only com-ment came from Charles Barker's chairman, Mr David Norman. "The discussions with the particular party which we announced last month are still in progress," he said. "We will make an announcement in due course."

Barker announced that it was involved in discussions which might lead to a recom-mended offer back on August 1. The shares reached 178p

WPP, which has made no official comment, was thought to be interested in Barker's public relations and regional advertising arms, but not in Norman Broadbent International, the executive search company. The current hitch is ramoured to centre on buyout plans for NBI and the price-tag nut on it.

Barker's shareholders, meanwhile, meet again this morning to consider certain proposals for the Ayer Barker subsidiary. The first extraordi-nary meeting was postponed last month because it was felt that the arrangement could have some potential impact on the bid talks.

the bid talks.

Under the proposed deal, N
W Ayer, the US advertising
group, would subscribe an initial £3m for a 25 per cent stake
in Ayer Barker, which could
then rise — on a further subscription — to 56 per cent in

Potentially significant, given the bid talks, is a clause which also allows the US company to buy out Barker's interest in Ayer Barker if control of Barker changes.

The purchase price would be based on 12 times the previous financial year's post-tax profit at Ayer Barker.

Jamesons shares jump 75p on talks

By Philip Coggan

in Jamesons Shares Chocolates, the confectionery group, jumped 75p to 305p yes terday after the group announced that discussions were taking place with an unnamed suitor which may lead to an offer for the com-

A potential bidder could be Trebor, the private company, which owns 17 per cent of the Jamesons equity. Thorntons, the chocolate group, which recently floated on the main market, said it was not involved.

At yesterday's closing price, Jamesons, which made pre-tax profits of £725,000 last year, vas capitalised at £7.9m.

9.96m new ordinary, represent-ing 50.51 per cent. Balance to be allotted to sub-underwriters.

DANAE INVESTMENT TRUST:

net asset value per capital share at August 31 1988 was

χS

AMBROSE INVESTMENT idend 5.3p, payable September

Trust: At August 31 approximate asset value per Capital share stood at 580.37p.

CLAREMONT (UK): Rights issue accepted in respect of group's Portuguese sudsidiary, reported turnover up from Es

55.95p. dividend Es 26 (Es 22.5).
GT BERRY JAPAN FUND: Div. JOVE INVESTMENT TRUST:

The Rank Organisation Plc

Lead investor and majority Note purchaser

Rank America Inc.

U.S. \$150,000,000

Senior Notes Due 2000

Interim dividend doubled and same planned for final

Persimmon advances to £13.2m and analysts expect £28m for year

PERSIMMON increased taxable profits to £13.2m in the first half of 1988, compared with £4.78m in the equivalent period last year and £12.6m in the whole of 1987.

The housebuilder believes in Surrey, sold 1,042 houses in the street of the first profit of the first profits to £13.2m in the first profits to £13.2m in the first profits to £13.2m in the first make 4.5p (2.25p) for the full make 4.5p (2.25p) for the full profits to £13.2m in the equivalent period to £15.2m in the first profits to £13.2m in the equivalent period to £15.2m in the equivalent period to £15.

house prices may level off soon, although it said its strategy of buying land at prices linked to property values at the time of the purchase should help maintain marcine.

Mr Duncan Davidson, chair-

man, said yesterday: "We have not yet seen evidence of sales falling off in any of our operating areas, but a levelling off in selling prices would be a good thing for the industry." Turnover rose to £56.6m (£30.4m) and earnings per share from 4.8p to 12.4p. The interim dividend is doubled to 1.5p (0.75p) and the directors intend to pay a

ASPEN COMMUNICATIONS, a

corporate video, media, mobile

communications and specialist

printing company, increased pre-tax profits by 58 per cent to

June 30, against £1.49m in the equivalent period.

£16.2m (£11.3m) and earnings per share went up from 9.9p to 15.3p. An interim dividend of

2p (1.6p) was declared. The results include a six-

mouth contribution from Edit

Art, a video post-production company acquired in Decem-

ber, although the purchase was

only announced in March. This boosted sales and profits from

the corporate communications

MR MALCOLM DAGUL, chairman of Southend Prop-

erty Holdings, said yesterday that the property company, which used to be called South-

end Stadium, has realised over

250m from the sale of proper-ties since the beginning of the

current year.
Reporting this in the group's

annual accounts Mr Dagul said

that the proceeds had been used to reduce borrowings sub-

WERELDHAVE, the Dutch property group which claimed control of Peachey Property Coporation after raising its hostile offer to £282m last week, argues in its revised bid

reported turnover up from Es 4.2m to Es 6.2m (£2.46m) and

taxable profits of Es 2.2m (Es

1.17m) for six months to end-

June. Earnings Es 459.9 per share (Es 317.6) and interim dividend Es 26 (Es 22.5).

By Reg Vaughan

Persimmon, which operates through 14 regional offices from Glasgow down to Horley in Surrey, sold 1,042 houses in the first half of 1988, against 700 in the same period last year, and 1,000 in the second half.

half.

Mr Davidson said roughly the same number would be sold in the six months to the end of 1988, but at improved margins. During the period the average house price rose about 29 per cent to £54,000 (£42,000).

The group's land bank with planning permission stands at 9,000 plots, or four years' supply, but Persimmon also holds 800 acres of land under option or for development in the or for development in the medium term, roughly double

essure on margins. Aspen

said the division's profits should start growing again

during the final quarter of

during the linal quarter of 1988.

The group, which is quoted on the Unlisted Securities Market, said Cleartone, the radio communications equipment subsidiary, and Pensord Press, printer and publisher of business magazines, had continued to increase turnover and prof-

to increase turnover and profits. Further acquisitions in the specialist web offset printing field are possible.

Southend Property growing

Aspen instore Marketing has

stantially. At March 31 1988 the group had bank loans falling due within one year of £29.8m

bank loans falling due after

more than one year of £35m and in addition had loans and

overdrafts of £96m.
For the 15 months ended

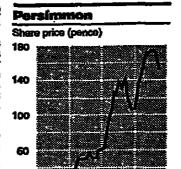
March 31 1988 the group showed pre-tax profits of £4.35m, compared with £208,874

Wereldhave defends revised bid terms

an assumption that Peachey's

Expanding Aspen 58% ahead at £2.4m

Profits were marginally lower from the Aspen Preprint communications to form the companies, which produce business forms, as the group continued to invest to counter business forms are cently acquired field sales



helped reduce gearing from about 53 per cent at the end of 1987, to 20 per cent.

Persimmon's full-year profits the figure at June 30 1987.

A £17m rights issue in April

at the time of the April rights

core of a new marketing services division, which includes a recently acquired field sales

company and market research

Although Aspen is active in

diverse areas, some of which -

like mobile communications -look slightly incongruous, the range of activities provides an

effective support system for

temporarily underperforming subsidiaries, giving the parent

company room to invest in

other interests, such as mar-keting services, now a separate division. The combination of

organic and acquisitive growth

group's continuing progress is indicated by the results for the

first three months of 1988

which show a pre-tax profit for the quarter of £1.79m. He said

that this indicated that the

annualised rate of income is now running substantially

above that reported for 1987.

The chairman said that annualised level of rental income.

• COMMENT

issue, now looks distinctly modest. Most analysts expect \$28m or even £30m for 1988. If house prices do level off, Per-siumon has said it is prepared to increase volume and market share, but until then the comshare, but until then the com-pany seems confident about maintaining margins, which have risen nearly eight per-centage points since June 1987. Persimmon is also better pro-tected than many against a possible downturn, with strong forward sales – this year's tar-gets have already been met – a long land bank bought at favourable prices or held favourable prices, or held under option, and minimal exposure in the London area. The shares climbed 7p to 158p yesterday, and although they look cheap on a prospective multiple of about 6, fear is currently. rently stronger than logic in the building sector and may hold the price back.

looks likely to continue, with Aspen angling for larger spe-clalist printing contracts by expanding into web offset equipment, Such machines can

cope with contracts for maga-zines with a circulation of up to 150,000 copies and may also

give the group an interest in the production of high-quality company reports and bro-chures, linking the division

with Aspen's corporate com-munications activities. The

Handley

Walker makes

Handley-Walker, management

strong start

USH backs out of Varo takeover battle

By Clay Harris

UNITED SCIENTIFIC Holdings, the defence equip-ment group, yesterday aban-doned its six-month pursuit of Varo and said it would accept a rival takeover offer for its 9.9 per cent stake in the Texas-based manufacturer of nightvision devices. USH's withdrawal leaves the

USH's withdrawal leaves the field open for IMO-Delaval, another US group, to carry off Varo with a \$112m (266.42m) bid which was recommended by the target company last month. USH expects to make a profit of \$2m to \$3m after bid costs on the dimension of the dim costs on the disposal of its Varo shares.
The UK company had offered

to raise its bid to \$26 per share, compared with its existing \$22 terms and IMO's \$25 offer, but pulled back because of Varo's mwillingness even to meet, much less to enter into a nego-tiated transaction.

In the absence of additional information, which Varo declined to provide, USH was unable to determine whether it could afford to raise its bid and still hope to gain the same financial benefits. USH also had to take into

account the costs which could arise from an agreement between Varo and IMO intended to inhibit rival bidders. If it did not first sell its stake in the open market, USH said it would accept the IMO

Bunzl sells minerals division

amouncement of strong inter-ims pushed Aspen's share price up 5p to 510p, but the shares appear to deserve their pre-mium rating. They are on a prospective multiple of 15, BUNZL, the paper and plastic group reporting its interim figures today, has disposed of its minerals division for 26.75m. The company said that although its minerals businesses were profitable and growing, they could not be considered core activities and could better be developed elsegiven forecast pre-tax profits of about £5m for the full year. could better be developed else-

> The division encomp Microfine Minerals and Chemi-cals and Dupre Vermiculite. Bunzl acquired 50 per cent interests in both in 1963 when it bought Transparent Paper.
> They became wholly-owned subsidiaries in 1986.
> The companies are being bought by the UK arm of Frank & Schulte, the interna-

Handley-Walker, management consultancy, reported an excellent start to 1988 with strong organic growth in core businesses. Mr Peter Smith, chairman, said that with sustained order intake and good cash flow the group was in a very satisfactory position.

Turnover, boosted by acquisitions, increased in the first half of 1988 to \$4.51m (£2.85m) for une-tax profits of \$577.000. tional ores, minerals and alloys trading division of for pre-tax profits of \$577,000, (2351,000). Stinnes, the German group. Rarnings per 5p share were 6.3p (4p) and an initial interim dividend of 1.8p is being paid.

Kenyon Secs expands further into N. Ireland By Andrew Hill

KENYON SECURITIES, USM-quoted funeral director, has acquired four funeral directors for a total of £1.11m in cash.

Three of the businesses are based near Belfast – in Dun-gannon, Portadown and Ban-bridge. The fourth is in north

In May, Kenyon, one of three funeral directors on the USM, bought James Brown & Sons (Belfast) as part of its policy of expanding in North-ern Ireland.

In the year to March 31, acquisitions helped boost Ken-yon's profits from £854,306 to £1.63m before tax. The company is 29.2 per

Rockwood pays £17m for freight forwarders

ROCKWOOD HOLDINGS. USM-quoted distribution and related services business, yesterday announced that it was acquiring Mercury Airfreight Holdings, a freight forwarding operation, for £16.5m.

operation, for £16.5m.
At the same time, a second, but substantially smaller freight forwarding operation, Dawson Royle & Willan, is being purchased for £413,000.

Rockwood is being built out of the former H.B. Electronic Components "shell" by Mr. Tom Forrest and Mr Brian O'Comor.

Mercury, based near Heath-Mercury, based near Heath-

row Airport, concentrates on general airfreight forwarding. It also has smaller interests in surface freight forwarding, bulk mail and newspaper dis-tribution and road haulage. The company was set up in 1970 and at present is owned jointly by two other companies — Davies Turner and Gordon & Gotch. However, Rockwood says that Mercury has grown the condental of the control of t independently from these shareholders. In the year to the end of March, it made pre-tax profits of £1.64m, shead of introductory commissions to shareholders, on sales of

£75.77m. East London-based DR&W is a specialist magazine and book. Yesterday, Rockwood shares shipper, and in the year to were unchanged at 80p.

June 30 made profits of pre-tax £48,000 on sales of £3.21m.
Rockwood acquired Walford Meadows, international freight forwarder, in June. It said yesterday that the enlarged size of its activities would give scope for overheads savings and operational benefits.

Mercury's 13 offices will boost its total to about 40 in the UK. Mercury also has substituted in Holland and the US. Mr Forrest indicated yesterday that the overseas agent network would be meshed with that of Walford Mesdows.

Of the overall £17m consideration for the two businesses,

ation for the two businesses, Rockwood is meeting 11m in cash and the remainder through a placing of 16m new 8% per cent convertible prefer once shares. These chares can convert at a rate of 100 ordi-nary shares for each £100 nomi-nal of convertible preference shares between 1880 and 200. They have been conditionally placed by Robert Fleming at

100p.
The new shares can also be clawed back by existing share-holders under an open offer. The terms of the open offer are 0.626 new convertible preference shares for each ordinary

Strong housing demand lifts Edmond to £1.91m

MR ANDREW Naish, chairman the directors looked forward to of Hull-based housebuilder Edmond Holdings, yesterday reported a surge in first half profits from £314,000 to £1.91m at the pre-tax level. He said the results had been

achieved by obtaining bud-geted sales, helped by a strong demand for houses in all areas. During the period land stocks had been substantially increased and now totalled more than 1,500 plots, excluding options and land zoned for development. As a result,

maintaining current margins

and profitability.

The half year to end-June saw turnover advance to £9.03m (26.04m) and operating profits to £2.06m (£510.000). Tax accounted for £669.000 (£110,000) leaving earnings per 10p share at 2.48p (0.42p). The interim dividend is being stepped up to 0.5p (0.18p). Dividend policy is under review to balance payments through the year — a final of 0.62p was paid for 1987.

Executex Clothes rises to £374,000 half-way

increased 17 per cent from 23.17m to £3.78m.

EXECUTEX CLOTHES, (£97,800). Earnings per 20p clothing manufacturer, share were raised to 5.85p achieved a 21 per cent rise in (5.59p) and the interim divi-

pre-tax profits for the first half dend was lifted to 150 (1250 of 1988. Profits were 5374,000, as against £309,400, and they were struck on turnover said that, provided the commomentum, then the growth

said that, provided the com-pany maintained its present Trading profit in the UK was achieved in recent years would up 17 per cent at \$550,600 also be maintained. He added (£469,900), while losses in the UK was achieved in recent years would also be maintained. He added that prospects for the remain-der of the year remained good.

Ecobric bid unconditional

ZURICH GROUP's offer for the 90 per cent mark, but USM-quoted Ecobric Holdings, Chase Investment Bank, Zurthe demolition company, has been declared unconditional. been declared unconstructed.

The offer from Zurich, a private property company, needed at 75p to raise about 24m in working capital for the all three classes of Ecobric

enlarged group. When dealings start on the USM, Zurich will The offer to convertible loan have a market capitalisation of stock holders is just short of about 253m.

A Comment

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B&C makes £2.5m acquisition

ings subsidiary, is moving into shop property.

loodhead Grou

Pickwick Group

Lambert Smith Hampton, commercial surveyor which is part of Abaco Investments, the British & Commonwealth Hold ers for a sum in excess of £2.5m. Milhench specialises in

Payment payment mond Hidgs ... sculex Clothes

Nov 2 Oct 28 Oct 17 Oct 31

DIVIDENDS ANNOUNCED

9 1.25 0.8 Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue. You capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ★Garries scrip option.

BOARD MEETINGS



document that the new terms take full account of the latest valuation and prospects Peachey's estimated net asset valuation was calculated to rise from 629p a share on June 24 to 676p on August 24.

ously."

The Dutch company also

rental income will increase, but also, we believe, a down-ward adjustment of the yield basis from that which was applied two months previ-

Mr Dagul said that the than previously reported.

points out that over the two months bank base rates have risen from 9 to 12 per cent.

However, Wereldhave says:
"This uplift not only reflects with the economic outlook clouding, and that the average discount to net asset value for the property investment com-pany sector had increased. Peachey has not yet responded to the increased Wereldhave offer or its claim

to control more than 50 per cent of Peachey's shares. How-ever, it is understood that a

Engineering to 10.1 per cent. Markheath began building its stake earlier this year. The companies have not held talks.

\$2.5m and BeeGee Stationery and Filing for £850,000.

Camford Eng stake Markheath Securities, UK vehicle of Australian entrepre-neur Mr John Spalvins, has increased its stake in Camford

statement is likely early this

COMPANY NEWS IN BRIEF net asset value per capital share as at August 31 1968 was PALMERSTON HOLDINGS has

acquired three buildings for £13.75m. Two are office buildings in south London. In Watford it has bought jointly with Audit and General Holdings, the Penfold Industrial Estate, which consists of more than 100,000 sq ft of multi-let indus-

to postal delays, offer to quali-fying shareholders of up to 32m shares, originally due to close on August 5, has been extended until 3 pm on Sep-WAVERLEY CAMERON has extended the loan note option in its recommended offer for

STONEHILL HOLDINGS: Due

Ronald Martin Groom until 3pm on September 13 in view of the industrial action affecting the postal service.

Expansion at Robert Horne

Robert Horne, a paper merchanting group, is acquir-ing two companies in the office products field. It is buying Har-ris Pencils, which trades as Harris National Stationers, for

The acquisitions are the first by Robert Horne in this field but further expansion is likely to follow. The two acquired companies have combined turnover of around £10m.

cent-owned by French funeral director, Pompes Funebres Générales, a subsidiary of Lyonnaise des Eaux.

U.K. Shoe Group Limited

Ward White U.K. Footwear and Safety Limited

Ward White Group pic

PIC Capital Group London

May 1988

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UK COMPANY NEWS

Goodhead jumps 82% to £3.56m

GOODHEAD PRINT_Group, free-newspaper publisher and printer, yesterday revealed an 82 per cent jump to £3.56m in pre-tax profits for the year to May 31, despite a flat performance from the printing divi-

Printing profits of 2L94m (£1.92m), were held back by the installation of a new Goss Tribune press at the Bristol works. However, the press has expanded the group's printing capacity by 35 per cent and benefits should flow through to

Now that the printing divi-sion contributes just 50 per

cent of pre-tax profits, the com-pany has decided to shorten its name to Goodhead Group. It is also moving from the USM, which it joined in 1985, to the main market.

The publishing division, which takes in 22 free newspaper titles, was responsible for the greatest improvement, increasing profits from £493,000

The results included a nine months contribution from Company Publicity, a design group acquired during the year. The newly formed design division made profits of

Turnover amounted to 249m (£35m). Operating profits were £4.14m (£2.76m) and net interest payable was £572,000 (£798.000). After tax of £1.03m (£528,000), fully diluted earnings per share worked through the £1.25m (£2.25m). at 148p (11.8p). The directors are recommending a final dividend of 3p (2.5p), making a total of 4.5p (3.75p).

COMMENT

of Goodhead's decision to diversify into publishing without the free newspapers, these figures would have looked mediocre. There is no

sign, as yet, of the advertising-inspired free-newspaper boom grinding to a halt; however, the government's attempts to dampen consumer demand might do the trick. If it does,

might do the trick. If it does, Goodhead's timing will have been immaculate; following the installation of the new press, it is the printing division that will be setting the pace this year. Add in a full year from Company Publicity and Goodhead should make around £4.8m pre-tax. After yesterday's to rise in the share price to 4p rise in the share price to 230p, that puts the shares on a prospective p/e of around 12.5; not expensive for a company with a sound growth record.

Quicks sees further rise in second half

QUICKS Manchester-based Ford, Iveco-declined to 8.8p (11.21p)
Ford and Peugeot Talbot reflecting an increased tax
vehicle and parts distributor, charge of £420,000 (£250,000)
lifted taxable profits by 10 per cent in the six months to end-

The pre-tax outcome, up from £1.55m to £1.71m, was posted on turnover of £77.08m (£71.36m) and Mr Tim Worrall, managing director, said he expected the second six months to show a steady improvement over the corresponding period last year.

following last year's rights

The directors, however, set the interim dividend at 1.5p - a 71 per cent increase - and to align the two payments more closely intend to raise the final to 3.5p. Last year Quicks paid an adjusted final dividend of

Assocd Nursing expands

By Clay Harris

ASSOCIATED NURSING brings to 10 the number of facilities owned and operated by ANS. The group will now provide 486 beds with a further elderly, has bought three more mursing homes for a total consideration of 24.75m, including assumed debts.

The acquisition of the homes in Cheltenham, Newbury and Devizes owned by Dalecare through a placing in March.

R & J Emmet advances 27% R & J Emmet, which joined the The company makes and USM in May, increased taxable markets an irish cream liqueur

profits by 27 per cent in the six under the brand name Emmets months to June 30. The -its main market is the US. advance from I£308,000 to I£390,000 (£333,000) was After tax of £8,000 (nil) earnings worked out at 3.14p (2.95p). Achieved on sales up 40 per cent from £1.85m to £2.59m.

ANS, which was created

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Straight to the heart of the City.

Pickwick boosts profits to £741,000

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NEW PRODUCTS - such as GCSE crammer courses, Mils & Boon romances and Cook-slong with Keith Floyd — helped Pickwick Group, distributor of records, cassettes and videos, boost pre-tax profits from £592,000 to £741,000 for the first six months of 1968.

Turnover increased by 38 per cent to £14.5m (£10.5m). The alight decline in net margins from 5.6 to 5.1 per cent was due to increased advertising costs, a capital expenditure programme, and a change in product mix which increased the

AC HOLDINGS: Bank of New Zealand has by virtue of a deed

of mortgage acquired an interest in 631,293 shares registered in the name of Phantom Hold-

ASSOCIATED BRITISH Ports:

Shares held in discretionary

investment portfolios managed

by, or on advice from Mercury Asset Management increased

raf Marwan is beneficial owner of 4.43m shares (10.17 per cent).

BRITISH BLOODSTOCK Agency: Graft Logic has inter-est in 210,000 shares (5.95 per

to 19.34m (22.06 per cent). BENLOX HOLDINGS: Dr Ashvideo operations from 40 to 53 per cent of sales.

Mr Ivor Schlosberg, chief executive, said that, given the seasonal bias towards the sec-ond half, the group would again muster margins of about 10 per cent for the full year. With the expanded infrastructure in place, he anticipated continuing progress in the sec-ond half of the year.

As part of the group's expansion programme, it has spent \$1.5m on its production, packaging and distribution network. It has expanded its com-

resulted in the aggregate of the

holding of GT Management and its subsidiaries and discretionary managed clients being reduced from 30.62 per cent to

GIBBS MEW: IEP Securities, wholly-owned subsidiary of

Industrial Equity (Pacific) pur-chased 30,000 shares and holds

365,900 (6.61 per cent) MARCH GROUP: Mr M Shaw, director,

sold entire family holding of 179,500 shares at 75p apiece.

MARLING INDUSTRIES: Pru-dential Corporation increased

interest to 1.25m shares (5.02

MINERALS OILS and Resources: Strabul Nominees reduced holding to 223,045

reducing personal interest in

28.54 per cent.

SHARE STAKES

The following changes in share GT VENTURE Investment: stakes were announced Changes in client holdings

EASTBOURNE WATER: shares.

Equity and Law Life Assurance Society purchased 16,679

Aird, deputy chairman, sold
4.9 per cent consolidated ordi250,000 warrants at 17p each,

PRICEWATERHOUSE

and the FINANCIAL TIMES CONFERENCE ORGANISATION.

CAPITAL

12-14 SEPTEMBER - 17-19 OCTOBER 7-9 NOVEMBER - 7-9 DECEMBER

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Director Morgan Greafell & Co Limited

ers & Co Limite

instruments in the capital markets are very

nary stock and holds 116,679 reducing personal i (23.32 per cent of voting stock). warrants to 525,495.

present

puter operation, invested in new packaging machinery, built a mechanised video warehouse and set up a video pro-duction and sound studio in partnership with Ladybird

New products for the second half of the year include Lady-bird videos and Stick-e-Tale an educational book and cas-

The acquisition of Old Gold Records, bought for an initial £800,000, had recently been completed, with benefits that should flow through over the

in**e**si ya**a** eelasootta

next few months, said Mr Schlosberg.
Mr Schlosberg said that he

welcomed the 21.2 per cent stake taken in July by Pearson, state taken in July by Pearson, the publishing conglomerate with interests that include the Financial Times, Penguin and Longman. He envisaged that, from next year, Pickwick would expand in Australasia, Canada and the US with the help of Pearson's overseas networks

Earnings per share increa by 25 per cent to 2.18p (1.74p). An interim dividend of 1p (0.8p) has been declared.

THEINVISIBLE

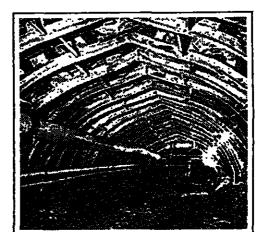
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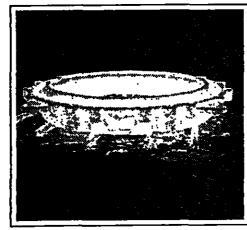
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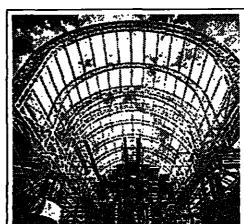
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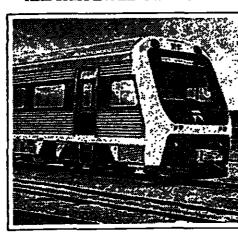


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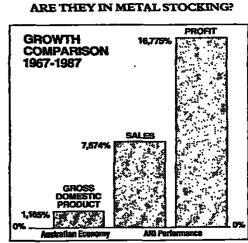




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The rules of the SIB require a statement that past performance is not necessarily a guide to the future.

Appletree seeks buyer for troubled snack foods side

By Nikki Tait

APPLETREE HOLDINGS. fresh produce packing and marketing group, is putting its troubled Hunters snack foods

division up for sale.

Appletree joined the Unlisted Securities Market three years ago. It merged with Hunters in early 1987 and stepped up for a full listing at the same time. Mr David Johnson, already chairman and chief executive of Appletree, founded Corby-based Hunters in 1980.

At the time of the merger, Hunters was said to have 5 per cent of the UK crisp market, with customers such as Marks and Spencer, Waitrose, Bejam and Spar. Its profits in the year to end-September 1986 were just under £900.000 - slightly larger than Appletree's.

In 1986-87, however, profit-ability "was severely affected

by the very poor summer, and further intensified price com-petition in the crisp market." There was also a small exceptional loss on potato storage. The final result was described in the annual report as "only marginally ahead of break-even," although Appletree said yesterday that on sales of £20.8m there was a profit before interest, group charges and tax of £393,000. At the October 4 year-end, Hunters' october 4 year-end, Hunters' net assets were put at £2.5m, and borrowings including intercompany debt at £6.7m. In the six months to April 4, difficulties were again reported, and Appletree now says that problems continued in the second half. In spite of the recent improvement in

tomer mix and an industry price increase, a loss for the year is expected," it predicts.

At one stage, Appletree was looking to expand Hunters – it was reportedly interested in buying Golden Wonder — but now says the financial resources involved would adversely affect profits elsewhere in the group.

Yesterday, Appletree added that it had received some unspecified queries for Hunt-ers, but had not been in discus-sions ahead of the announcement. Hunters' management, according to Mr Johnson, was also considering whether it wished to make an offer. S. G. Warburg is advising Appletree and Goldman Sachs is conduct-ing the search for a buyer.

Linread rises 16% to £1.23m at halfway

LINREAD, manufacturer of cold formed fasteners, reported a 16 per cent increase in profits in the six months to June 25. The pre-tax total moved from £1.06m to £1.23m

on turnover raised from \$1.25m on turnover raised from \$17.13m to £18.72m.

After tax of 2442,000 (£370,000), earnings worked through at 6.68p (6.04p). The interim dividend is raised to 150.000.

1.5p (1.25p).
Mr MP Tahany, chairman, said the acquired companies had been integrated successfully and were making good contributions to the enlarged

In the aircraft industry, demand remained strong, although margins had been depressed by the weakness of the US dollar. The license-agreement signed with Huck agreement signed with mack last year for a proprietary fas-tener for the European Fighter. Aircraft had been extended to-cover the Airbus and other European civil build pro-grammes, said Mr Tahany.

The commercial products division was benefiting from the performance improvement programme and the company was looking forward to an increasing profit contribution in the second half from a significantly more efficient base.

Merger clearances The Trade and Industry Secretary has decided not the refer the acquisition of IGX Corp by GEC subsidiary AB Dick to the Monopolies and

clearance has also been given to the acquisition by HP Bulmer Holdings of Symonds Cider and English Wine Com-

All-round growth helps Asda Property advance to £3.44m

ASDA PROPERTY Holdings reporting substantial progress in the first half of 1988 with pre-tax profits up from £1.4m. to £3.44m.

Turnover rose 42 per cent from £10.1m to £14.37m, representing an improvement from all activities. Gross income on sales of trading properties con-tributing £10.22m (£6.99m),

CAIRD CROUP, the acquisitive waste disposal company, is

adding its first toxic waste treatment facility with the pur-chase of Midlands-based Tech-nosafe for £3.5m in shares and

Mr Peter Linacre, Caird chairman, said Technosafe's plant at Sutton Coldfield, near

Birmingham, would allow Caird to process and neutralise

rental income £3.13m (£2.34m) and building contracting £969.000 (£722.000). Other sun-

dry income amounted to s39,000 (238,000).

Mr E. W. Davidson, chairman, said he was confident that the full year results would show excellent profits and a storm advance in net asset strong advance in net asset value.

toxic chemicals itself rather

than subcontract that part of

its collection and disposal busi-

In the 12 months to March 31, Technosafe achieved pre-

tax profits of £179,000 on turn-

over of £1.im, but it has war-ranted profits of at least £500,000 in the current finan-

cial year - an increase reflecting the opening of its

Caird moves into toxic waste

with Technosafe purchase

Three purchases had been made in London this year, two office properties and a retail and office building, all of which afforded excellent reversionary potential, he said.

After tax of £1.2m. (£480,000).

earnings per 20p share worked through at 3.2p (1.6p) and an interim dividend of 0.5p (nil) is

new plant.
Caird also owns 5.5 per cent
of Leigh Interests, a leading
Midlands-based waste company

where one of Technosafe's

founders formerly worked, and 12.7 per cent of Wistech, an OTC-traded specialist cleaning

and materials group.
For Technosafe, Caird is issuing shares valued at £2.1m and £1.4m in cash.

Haynes **Publishing** advances to £2.56m

HAYNES PUBLISHING Group increased its profits for the 1987-88 year from £1.88m to £2.58m pre-tax, with all of the improvement coming in the

first six months.

Mr John Haynes, chairman and chief executive, said the year had been one of steady and consistent growth which was continuing.
Sales to date were already ahead of those of the past

year. In the UK trading profits increased by 34 per cent to £1.76m on the back of a 16 per cent advance in turnover to

North American profits expended by 43 per cent to 2067,000. Tax of £951,000 (£725,000) left cornings per 20p share at

32p (23p).

And in view of the overall improved results the dividend for the year to end-May is being lifted by 3p to 17p via a final of 10p.

CLWYD

the recent improvement in trading performance created by

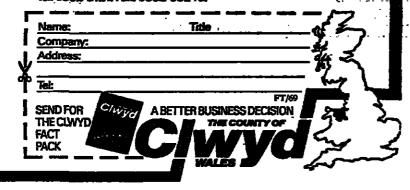
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Dagenham Motors rises 79% to £1.9m midway

south-east based Ford car, van and commercial vehicles distributor, has achieved strong sales and profits growth in its first results since joining the main market in April. It has reported a 79 per cent

rise in pre-tax profits from £1.04m to £1.85m in the six months to June 30 on sales ahead 14 per cent from £39.68m

Mr David Philip, chairman,

DAGENHAM Motors Group, said profits growth from sales of new and used cars and com-mercial vehicles was more than matched by service, accident repair and parts sales

In July, the group acquired Seaway Motors of Gillingham, Kent, bringing its Ford car main operations to five. An interim dividend of 1.5p has been declared on increased earnings per 10p share of 8.4p

American Distributors turns in £0.81m midway

AMERICAN DISTRIBUTORS reported a pre-tax profit of £813,000 for the six months to June 30 1988. In the same period of 1967 a profit of £27,000 -

In the latest six months the company transformed itself from an oil and gas business into a tobacco distributor. In

Distributors. For the 12 weeks to June 30 the US activities contributed \$1.57m. It is also intended to acquire Modern Tobacco Industries, of New

Turnover for this USM-quoted group in the period under review rose to 235.49m (2319,000), UK deferred April it changed its name from tax took £87,000 (£157,000) and Sapphire Petroleum. Also in US tax £95,000 (nil). There was a profit per share of 1p (0.6p tributors and Valley Stream

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EVERTATE

STENENS!

COMPANY NEWS IN BRIEF

CONSOLIDATED VENTURE Trust: Net asset value per 10p share 308.5p (254.5p) as at July 31. Net revenue for six months to end-July £1,000 (£58,000) resulting in nil earnings per

share (0.58p).
FINLAN GROUP has purchased a property with development potential at 9-14 Windmill Street, London, for a total 53.1m. Finlan intends to construct a same 27 200 at 55.50 struct some 27,000 sq ft of office accommodation together with a separate block of retail units and residential flats for scheduled completion in early

HUGHES (HT) has acquired a commercial vehicle hire busi-ness based in Southampton and trading as Sibley Hire for £350,000 cash. The company, with an existing fleet of 20 commercial vehicles, returned operating profits of around £50,000 in 1987.

MARLING INDUSTRIES: Last month's open offer of shares was applied for in respect of 2.21m new ordinaries (79.9 per

MERGER CLEARANCE: Dowty Group's proposed acquisition of the CASE Group will not be referred to the Monopolies and Mergers Commission.

PRIEST MARIANS and a subsidiary of Minty have recinded their contracts for the sale of Priest's freehold interest in 219-229 Shaftsbury Avenue, London, The property has been sold to a third party for £1.85m

REED INTERNATIONAL is acquiring 83 per cent of Hitgev-erij de Medicus, a Dutch pubpurchase is being carried out via Reed subsidiary Update-Sie-bert which has an option to purchase the 17 per cent bal-

SMITH & NEPHEW has acquired the stock of CeCorp of Oklahoma for an undisclosed sum. CeCorp makes miniature solid state video systems and has been a supplier of video systems to Dyonics, a US subsidiary of S&N, since 1987. Dyonics makes instruments for arthroscopic surgery.
STAG FURNITURE has contracted to acquire a factory in Cramlington, Northumberland,

which will provide an addi-tional 120,000 sq ft of floor space. Refurbishment will cost firm and the plant is planned to come on stream next spring. TR PROPERTY Investment Trust has acquired 49.5 per cent of Culverin Consortium, a company furnied to specialise in leisure-related, property investments. Culverin recently the Tower Hill Vaults into a major leisure/tourist complex immediately adjacent to the Tower of London. The balance of Culverin's shares are held by Mr Andrew Hamilton.

ZETTERS GROUP: Chairman told annual meeting that if postal dispute continued for any length of time it would undoubtedly have a serious effect on results for current financial year.

"The company is liquid . . . these times offer a great opportunity to the group". Justin Komberg, Chairman

► The Company is liquid for the first time in twenty years and we are preparing for the future with enterprise, discipline and economy.

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8本企業担当部 固定資産税経緯に関して 20 Henover Sons 英級住宅に関して 工場、倉庫に関して

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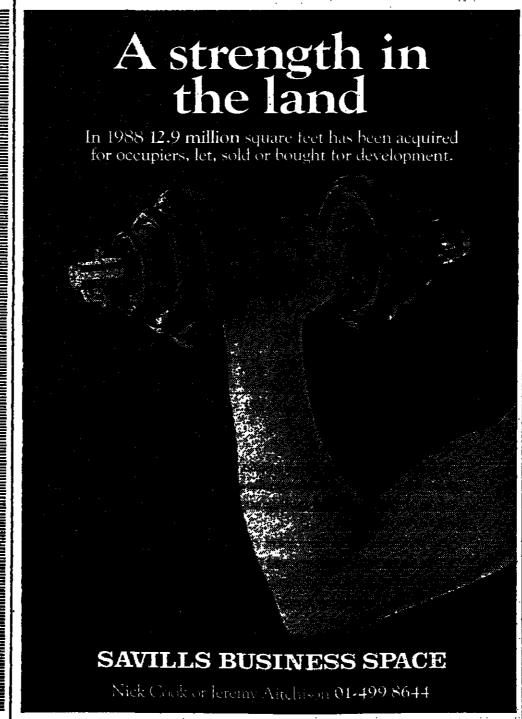
Knight Frank

24 & Rutley

BNP Mortgages Limited Money Market Mortgages

The rate for these mortgages for the quarter beginning 3 September 1988 will be 13.375% (APR 14.38% variable)

Carroll Industries Corporation plc £64,000,000 Secured Medium Term Development Loans Carrying a fixed rate of interest and allowing flexibility of drawdown In connection with the Hatfield Gallerias Arranged by Samuel Montagu & Co. Limited The Industrial Bank of Japan, Limited The Long-Term Credit Bank of Japan, Limited Samuel Montagu & Co. Limited The Tokai Bank, Limited The Toronto-Dominion Bank Canadian Imperial Bank of Commerce Standard Chartered Bank S.F.E. Bank Limited Crédit Commercial de France The Industrial Bank of Japan, Limited Samuel Montagu & Co. Limited In conjunction with Prudential Portfolio Managers Limited Advisors to the Banks Jones Long Wootton Agent Samuel Montagu & Co. Limited



CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and pound hold steady

CONFIDENCE IMPROVED on a slight easing of the dollar London's financial markets against the D-Mark, but there London's financial markets yesterday, as sterling and the dollar held steady, and the prospect of higher interest rates appeared to fade after the August US employment data.

Trading was subdued, with US markets closed for Labeur Day. In the absence of any major economic news dealers the market back to life, but were content to finding any ures for the market to digest the seek.

The D-Mark, but there terday, to compared at SFr1.562 at SFr1.562 at SFr1.563.

According to the position against the D-Mark continued to but was prospect of higher interest its position against the D-Mark continued to but was FFr6.3150.

According to the prospect of higher interest the yen, rising to Y73.30, from Priday.

US producer prices for Angust on Friday may bring the market back to life, but there are very few other figures in the market to digest the market to digest the prospect of higher interest the yen, rising to Y73.30, from According to the yen, rising to Y73.30, from According the price of the yen, rising to Y73.30, from According the yen, rising to Y73.30, from According

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fresh incentive.

Intervention by central banks was confined to currency fixing sessions. The West-German Bundesbank sold \$4.8m when the dollar was fixed at DML8554 in Frankfurt.

against the dollar was liminated by a fall of DM2.9bn in West Germany's net currency reserves during the last week in August.

In Milan the Bank of Italy sold around \$2.5m when the dollar was fixed at L1381.25, against L1397 or Friday.

against L1397.00 on Friday. A rise in the US unemployment rate announced Friday, coupled with a smaller than expected rise in non-farm pay-rolls, dampened speculation that the Federal Reserve will

tighten its credit policy.
The fading prospects of higher US interest rates led to

£ IN NEW YORK

Sept.5	Latest.	Previous
£ Spot 1 month 3 months 12 months	1.6850-1.6855 0.52-0.51pm 1.59-1.57pm 4.70-4.65pm	1.6695-1.6695 0.51-0.50pm 1.53-1.52pm 4.41-4.38pm
Ferward premis	काइ अवर्ध केंद्रियमानोड अन्	pty to the US dollar
STERLI	NG INDE	K

CURRENCY RATES

Sept.5		Special* Drawley Rights	Carrency - Unit.
Sterling U.S. Doklar U.S. Doklar Canadian S Austrian Sch. Belgian Franc Dasido Krone Dasido Krone Dasido Krone Fresch Reto Galider Fresch	8.75 77.25 91.75 91.75 82.75 82.75 82.75 82.75 82.75	0.770933 1.28607 1.59125-1A-9633 50.5765 9.27386 2.40988 8.19385 2.770048 8.19385 1.774.64 8.7270 164.175 8.34145 2.05139 RM	0.662917 1.11668 1.137687 1.45772 0.6900 7.96028 2.577165 2.39968 7.50125 1542.70 7.55228 1542.70 7.55228 157.754 7.16566 1.76114 188.039 0.712556

"All SDR rates art for Sept 2. **CURRENCY MOVEMENTS**

Sept.5	Bank of England Index	Guaranty Changes %
Sterling U.S Dollar U.S Dollar Donation Dollar Austrian Scitilling Belgian Frant Doublin Krone Doublin Krone Doublin Krone Doublin Krone Preuch Frant Lira French Frant	755 775 775 775 775 775 775 775 775 775	7377833715 7377833715 74783715 74783715 7478
Morgan Guaranty 1982=100. Bank of 1975=1001**Rates are	Engined lates	ierage 1980- Dase Auerage

OTHE	R CURREN	ICIES
Sept.5	£	\$
Argentina	20,0790 - 20,2260 2,1030 - 2,1060	11,9200 - 12,8000 1,2490 - 1,2500
Brazii Finland Greece	503.65 - 506.50 7.4036 - 7.4165 251.25 - 255.65	299.00-300.50 4.4000-4.4020 349.20-151.70
Hong Kong	131405-131570	7,8670 - 7,8680 70.75*
Korea(SUd)	0.48100-0.48150	718.90-726.70 0.28550-0.28660 38.85-38.95
Malaysia Merico	4 4845 - 4 4980 3842 35 - 3864 85	2.6670 - 2.6670 2281.00 - 2293.00
N. Zealand Sandi Ar	2,7150 - 2,7200 6,3185 - 6,3245 3,4285 - 3,4360	3,7500-1,6165 3,7500-1,7510
Singapore S, Al (Cm) S, M (Fe)	4.0690 - 4.0800	2.4220-2.4236 3.7035-3.7735
Talwas	48.35-48.60	28.75-28.85

MONEY MARKETS

economic figures due for

release this week.

Deslers suggested that any trend in rates was likely to be governed by sterling's performance, at least for the time being. The key three-month interbank rate fell to 12%-12%

UK clearing bank have leading rate

release this week.

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UK rates lower

this week.

An illustration of the dollar's

An illustration of the dollar's quiet performance is provided by the yea. The US currency closed at Y135.95 in London on Friday, followed by Y135.90 in New York, and Y136.05 yesterday in Tokyo. At yesterday's London close the dollar remained in a tight trading range at Y136.00.

compared with DM1.0...

Recent Bundesbank intervention to support the DMark against the dollar was illustrated by a fall of DM2.9bn in West Germany's net currency reserves during the last week in August.

Most potential for the dollar now appears to be on the downside, with the market looking for an early attack on DM1.8500 against the D-Mark, and possibly DM1.8800 soon after.

The dollar drifted lower yesterday, to close at DM18550, compared with DM18590, and at SFr1.5620, against SFr1.5640, but was unchanged, at

According to the Bank of England, the dollar's exchange rate index fell to 99.5 from 99.9. Sterling was also little changed, underpinned by the softer dollar, and better sentiment on the equity and gilt markets in London. There was no strong reaction to a fall in North Sea oil prices, with Brent crude trading below its \$14 support level.

Although the pound looked vulnerable to more bad news, it rose % cent to \$1.6860. Sterling also improved to Y229.25 from Y229.00, and to FFr10.6475 from FFr10.6325, but was unchanged at SFr2.6325, and fell to DM3.1275 from DM3.1300. The pound's exchange rate index rose 0.3 to 75.5. FT GUIDE TO WORLD CUR-RENCIES, Page 32.

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THES.	EUROPE	AN CUR	RENCY (JNIT RAT	res
10 11	Econ contrad rates	Correscy amounts against Scu Sept.5	% change from central rate	% change adjusted for distriputor	Divergence Statk %
tas Franc sh Krose san D-Mark de Franc is Golder Post se Ligo	42,4582 7,85212 2,05853 6,90403 2,31943 0,768411 1483.58	43,4390 7,96028 2,07145 7,04125 2,33968 0,773756 1542,70	42.31 41.38 40.63 41.99 40.87 40.70 43.98	45 45 45 45 45 45 45 45 45 45 45 45 45 4	±1.5344 ±1.5404 ±1.0981 ±1.3674 ±1.5012 ±1.6684 ±4.0752
get are for first t	erefore agaitive o	hance desotes a v	еж ситекс		

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POU	ND SPOT-	FORWAR	D AGAIN	IST '	THE POL	IND	Previous day	's spieces (والح
Sext 5	Day's spread	Clase	Drage rescorción	% 01	Three populs	% pa.	LONDON		
DS	1.6815-1.6870	14855-14865	0.53-0.48cp#	3.22	1.60-1.55pm 1.11-0.94pm	3.74 1.97	28-YEAR 95	, 10072594, nis of 1007	r e
inenta Retherbisch	20755 - 20870 1524 - 3534	20795 - 20005 3523 - 3535	0.38-0.29cpm 2-11-cpm	勰	Γ 8-55-mii	4.88	[93-10	_
Belgiant Dessark	65.30-65.70 11.994 - 12.03	1202-1203	30-25cpm 47 ₁₋ 33 ₁ cmpm	503 324	85-75pm 11&-107pm 13-12-00	3.76	Sep Dec	93-26	9
reland W. Germany	11665-11700 3113-3134	11670 - 11660 3121 ₂ - 313	0.45-0.40pps 2-15-prpm	4.37 6.95	54-53-00	4.45 7.03	Estimated V	phone 1394	16 (2
Portugal	26.80 - 28.00 207.30 - 208.40	257.00 - 258.00 207.65 - 208.15	5-45cds 35-20com	强	7-100/2 160-80pm	7.03 0.83 173	Presions day	¿ oben mr	. 360
Spain Baly Bervery	25214 - 23524 1158 - 11624	23314 - 23324 11614 - 11624	2-parlitepan 5-11-pareds	號	24-35-65	0.94 -1.10 4.06	6% METERS	AL LONG T	
France	10.594 - 10.654 10.824 - 10.864	10.644 - 10.664	. 51,-51,գրա 11 ₂ - Լուբան	協	11 1-10 to par 4 1-4 par	1.63	\$600 Y156	r I jitte e	10
Japan Nastria	2284 - 2294 21.94 - 22.62	2281 - 2291 21.99 - 22.02	134-12grops	687 688	44.33 pm 373.33 pm	6.60 8.26	Sep Dec	Clese 101.85	10
initariad .	2.62-2.63	2624 - 2634	13-15 cm	7.98	55 ₄ -51 ₄ pgs			100.15	10
1,80-4,70cps	S COMMUNICATE TRANSCS. I	inancial franc 66.55	30-musu 1	*	اللهار دعدجه الشر		Estimated Vo Previous day		
	AD SDOT	FORWAR	D AGAU	KT 1	THE DOL	LAR	THEFE MAN		
<u> </u>				76	Three		\$596,000 po		<u> </u>
Set	Day's spread	Cless	One sports	ρĩ	months -	<u> </u>	See	Clear 87.66	8
Kt	14410-14445	1,6855 - 1,6865 1,4415 - 1,4425	0.53-0.48cpm 8.16-0.21cds	캻	1.60-1.55pm 0.42-0.534s	3.74 -1.30	Sep Dec Mar	87.91 88.39	8
	12325-12950 20095-20900	1235-1235 2050-2096	0.15-0.18cms 0.52-0.50cm	-141	0.52-0.58ds 1.54-1.50cm	-178 290	-jan .	88.66	8
	38.75-39.05	385-38.95	5.00-3.00cpm	123	14.00-10.00	123	Est, Wall. Com	figs, mgt	5104 454

1,556-1,855 1924-1534 1924-1534 1924-13894 6,884-6,994 6,884-6,494 12,55-13,654 13,65-13,654 13,65-13,654 15,615-15,625 0.33-0.50pm 50-70cds 16-25cds 2.90-3.90freds 2.46-2.80oreds 0.30-0.20cds 1.00-1.30oreds 0.39-0.35ppm 3.50-3.10gropm 0.59-0.55cpm 3371 42075 42075 42075 42075 42075 42075 42075 42075

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Sterflag DS Delfar Lee, Bollar De, Galither Str. Frant, Beatschmank Fr. Frant Selflag (Jre B. Fr. (Plat) J. Fr. (Ond.) Yes B. Krosse Askes \$50g	104-102 84-74 54-5 34-34 44-44 74-64 14-64 64-64 84-64	11-10-1 8-5-1 9-5-1 5-1-2-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-	11-12-12-12-12-12-12-12-12-12-12-12-12-1	124-124 87-83 104-10 53-53 5-43 81-718 114-77 74-77 74-77 54-8 84-84 84-84	124-124 88-88 104-105 58-58 53-54 87-58 114-78 87-5 84-58 54-58	124-124 9-87 103-108 5-45-4 51-53-8 85-85-11-17-7-8 17-7-7-8 5-8-5-6 6-8-6 5-8-6
Long term Euroc mars 10-9%, per con	ioliars: two year t. www.isal. Shor	: 94,-94, per ca L terms rates are	nt, three years 9 call for US Do	14-914 per cent; lars and Japane	four years 9%-4 se Year, others, 1	Paper cent; fi peo dans' notic

OTHER CURRE	NCIES	:			CHY	HOE	CRC	55 I	LATE	5	<u>:-</u>	
Sept.5 £	\$			<u> </u>	<u> </u>	<u> </u>			<u> </u>			
Argentina 20,0790 - 20,226	119200-129000	-Sec.5	ž	\$_	DM	Yes	FP.	5 FL	BH.	(dea	CS-	8 Fr.
8razii 503.65 - 506.50 Finland 7.4036 - 7.4165 Servet 251.25 - 253.65	299.00-300.50 4.4000-4.4020 349.20-151.70	\$	0.513	1.686	3128 1855	229.3 136.0	10.648 6.316	2.633 1.562	3.533 2.095	2332 1383	2.080 £234	65.60 38.91
Hong Kong 13.1405 - 13.157 Iran	70.75 718.90-726.70	AEM	0.320 4.361	0.539 7.353	1364	73.31 1000.	3.404 46.44	0.842 11.48	1.129 15.41	745.5 101.70	0.665 9.071	20.97 286.1
Kanst 0.48100 - 0.4815 Lesenbourg 65.55 - 65.65 Malagoia 4.4865 - 4.4960 Merico 3842 35 - 3844.8	38,85-38,95 2,6670-2,6698	F.Fr. S.Fr.	0.320	1.583 0.640	2938 1188	215.3 87.09	10 4.044	2473 1	3315 1342	2190 885.7	1.953 0.790	61.61 24.91
Merico	1,6130 - 1,6165 3,7500 - 1,7510	H FL Lies	0.283 0.429	0.477 0.723	1341 8885	98.33 98.33	3.014 4.566	0.745 1.129	1 1515	660 1 1000:	0.599 0.892	18.57 28.13
S. Af (Cm) 4.0690 - 4.0800 S. M (Fe) 6.2575 - 6.3865 Talenta 48.40	2.4220-2.4235 3.7035-3.7735 28.75-26.26	CS B Fr.	0.401 1.524	0.811 2570	1.504 4.768	110.2 349.5	5119 1623	1.266 4.014	1.699 5.386))2] 355	1 3.171	31.54 100.
UAE 61890-61995	3.6725-3.6735	Yes per 1.0	QO; Presc	Fr. per 3	10: Lita p	1,000:	Belgian Fo	. per 100				<u> </u>

1,6882 1,6725 1,6420 FT LONDON INTERBANK FIXING (11.00 a.m. Sept.5) 3 months US dollars

The fixing rates are the arithmetic mass rounded to the newest one-streetsh, of the bid and offered rates for \$10m quoted by the market to five reference backs at 11,00 a.m. such working the To hanks are National Westerland Rate, Bank of Tokyo, Dustache Sank, Sangue National de Parks and Morgan Gazzanty Trest.

MONEY RATES NEW YORK Treasury Bills and Bonds (Lunchtime) --

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in t	he mo	ming. A	A furth	er revi-
			plus to	
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in the note circulation of \$445m, and Exchequer transac-tions which added £15m. In addition, banks brought for-ward balances £46m above tar-

p.c. from 124-124 p.c. on Friday, no longer discounting a half point rise in clearing bank In Frankfurt, call money was alightly lower as the mar-ket reacted to higher than hase rates, while the one year rate eased to 12%-12% p.c. from 12%-12% p.c. Overnight money finished at expected minimum reserve holdings, held by commercial banks with the Bundesbank. around 8 p.c., having touched a

UK INTEREST rates were with factors affecting the marlower in London yesterday, ket including bills maturing in
reflecting sterling's firmer
tone. There was little else to
affect trading; US markets
were closed for Labor Day, and
there are no significant UK
repayment of any late assistance draining £194m. These
were more than offset by a fall
in the note circulation of

high of 11% p.c. Pressure on short dated funds is likely to be alleviated, some dealers suggested; by the relatively While short term liquidity appeared to be adequate, dealers still expressed concern about the longer term view.

The Bundesbank is expected adequate supply of liquidity expected for the rest of this to announce terms for a fresh to amounts terms for a treat today, to replace a maturing facility of DMT76m. Most deal-ers are hoping for a generous allocation, to offset payments for a new Federal bond, and week. Traders were encouraged by the relatively long maturity date offered on Treasury bills, which were sold by the authorities to mop up the day's shortage.
The Bauk of England fore-cast a surplus of sround #300m, the onset of a new deadline on corporate tax payments.

Fed. Funds at Intervention	. 8E T	10 jęk		3.47 30-ye	·	9.06
Sept.5.	Oversight	One Mapth	Tire Mostlis	Three Modules	Şix Months	Lostbard Intervention
Frankfert	445-4.75	. 4.80-4:90	4,85-4.95	4.95-5.05	5,35-5,45	5.00
P#6	73.73.1	73-73	73-73	711-33	82.03	6.75
Zarich		53154	-	547-537		1 :
Tokyo	390625	4.28325	- 1	4 15625	-	-
Mile,	20-10-2	17-17-2	-	11-11-	-	• .
Datable	7.70 74-75	24.14	712-73c	715-735 73-815	81-51	1 :·
	12.2	14.4	(200	,,,,,,	0,01	
L	ONDO	N MC	NEY	RATE	5	
Sept.5	Oversight	7 days	One Month	Three 'Months	Six Months	Case Year
Interbank Offer	1114	115	12.4	123	137	121
Interbank Bid		104	먎	128	125	12,4
Sterling CDs		i	1 117	强	135	12
Local Authority Deps Local Authority Bonds	. 104	20%	팦	1 116	器	111
Discount Mikt Dens.	ı n	l ū	114	1116	_ · :	~
Company Deposits	1 -	1 -	1 12	12,7	123	125
Finance House Deposits	;	l	12	124	12%	124
Treasury Bills (Buy) Back Bills (Buy)	-(l :	11.5	拉	118	i :
Fine Trade Blis (San).	1	I	12%	1 12%	1 778	F -
Dollar CDs	7		8.25 8.20	8.25 £30		8.90-8.85
SDR Linked Dep Offer .	격 ·	I - '	73	74	泵	24
SOR Linked Dep 844	·• •	∱ · •	72	1 5£	61.	1 6¥
ECU Linked Dep Offer . ECU Linked Dep Bid	1. I	1 .	7	7%	1 7注	82
Treasury Bills (sell one-month 11's per o discount 11 & 25's p.c. adjacent 11 & 25's p.c. adjects for period if & 18t 12'72 p.c. feel 11.366 p.c. Local Apr Finance Houses State II days notice 3.75 per cs under our month 7's per care 1.95 p.p. ctst. July 5.1998 p. Deposit	0; one-menth mai; three m EGGO Fixed September.2 evence rate f hority and F tate 11, from nt. Certificat evence rate-to-	6,1988 to 0 or period Ju inance Hou September as of Tax Do bree months months 91	ing Export Plate (1988) 1988 1988 1988 1988 1988 1988 1988	1988, Schem to August 3: ys' notice, t ank Deposit (6); Deposit three-six mo	in f: 12.27 p 1. 1988, So thera seren Rates for si £100.000 a noths 9 per c	A., Schemes heme IV&V: days' fixed. int at seven and over held ent; six-nine

FINANCIAL FUTURES

Bond prices firmer

LONG GILT futures finished inflationary rate as had been on a stronger note in London's Liffe market yesterday, encour-aged by a stronger finish in US bond markets on Friday.

US centres were closed for a public holiday yesterday, but US Treasury bond futures in London were marked firmer, in response to Friday's release of US unemployment figures for August. These suggested that the economy was not expanding at such a potentially high

Pate 13 34 117 127 421 515 438 301 150 43 31 43 31 43

LIFFE \$15 OFTSHIS 625,000 (cods per £1) Estimated volume total, Calis O Pois O Previous day's nons lot, Calis 753 Pois 1967

Core High 91.54 91.57 91.12 91.18

Est., Vol. (inc., figs. not shown) 2733 (10839) Previous day's open Inc., 42047 (41994)

CURRENCY FUTURES

LTFE-57EM-THE \$25,000 \$ per \$

61 25 61 25 61 15

High Low Pres. 88-05 88-02 87-16 87-24 87-14 86-30 86-14

High Law Pres. 16698 16668 16542 16402

1-mth 3-mth 6-mth 12-mth 16811 16703 16601 16305

91.22 91.21 91.16 91.11 91.02 91.01 90.96 90.92

previously expected.

UK bonds were also underpinned by sterling's firmer tone. Many investors were expecting the pound to lose ground after the weekend, but this failed to occur, encouraging some degree of short covering, both in sterling and Government stock. ernment stock.
The December long gilt

which turned over a modest 12,000 lots - opened at 93-20,

LIFFE Cymhobillair GFTEMS Éile poids et 180% 111927564757

and finished at its best level of

the day at 93-26.
Short sterling prices ended on a firm note, underpinned by a softer tone in the cash mar-

ket. Once again trading was influenced by sterling's firmer tone, and the September three-

month sterling price rose to 87.55 from 87.52 on Friday. Prices in the tables below are for September 2 for Chi-cago and Philadelphia, and

September 5 for London.

Est Pro	inates vol nious day's	use total, i open int. (ȱ8k, 130 Pr ≥dlb 2878 P	is 0 nis 4391		Estima Previou	ted volu s day's	ne tstal, open ist.	Çalis 41 Calis 23	3 Puts 37 164 Puts	6 1862
			LEH90H £12,500	SE E/S (Combs po	#13845 # £2)						
0:0.4) 0.44 0.44 1.35 2.25 3.56 5.24 7.20	1.00 1.59 2.30 3.40 4.70 6.33	Dec 1,81 2,47 3,33 4,50 5,91 7,51 9,17	Strike Price 1,650 1,700 1,700 1,850 1,850 1,950 1,950 Estimate Previous	Sep 3.85 0.95 0.35 0.30 0.30 0.40 4 where day's opt	Calls-set Oct. 4.65 2.05 0.90 0.50 0.40 total, Ca	Not 5.25 2.75 1.40 0.75 0.55	Dec 5.75 3.40 1.95 1.15 0.70 0.50 0.45 ves h/A	Sep 0.55 2.60 6.90 11.85 16.80 11.70	Puts-92 01 175 4,15 7,85 12,40 17,25	New 2.75 5.30 8.85 13.10 17.75	Di 3.6.9.13.18.22.17.
Cŧ	IICAGO	t									
		Y DOMES (_	JAPAN Y12.5m	S per YE	(0400) 189			

18 1.91 2.53 1.30 2.17 199 1.11 1.77 2.40 4.04 10 0.58 1.15 1.80 6.50 open tat: Cails 609.552 Pats 490.413 volume: Cails 18,945 Pats 19,383	3.54 4.70 5.91 1.850 0.30 0.4 5.24 6.33 7.51 1.900 0.30 7.20 8.18 9.17 1.950 0.40 Estimated volume total, Previous day's open late:	0.50 11.70 22.50 0.45 11.49 17.60 Calls N/A Pass N/A
(LIFFE)	CHICAGO	
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L LONG TERM JAPANESE GOVT. 1800s of 189% 101.65 High Low Pro. 101.65 102.10 101.90 101.80 100.15 100.55 100.10 99.52	Lon 84-16 - 84-16 Sep 84-16 - 84-16 Dec 83-21 Mar 83-06 83-09 82-00 83-06 U.S. TREASURY IN LIS COMP	DB1225,000 S per DBS Close Nish Low Pro- Seo 0.5417 0.5460 0.5341 0.541, Dec 0.5461 0.5468 0.5382 0.546, Mar 0.5504 0.5503 0.5460 0.550
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CONTRACTS & TENDERS

SOKOTO AGRICULTURAL AND RURAL DEVELOPMENT INVITATION FOR BIDS (IFB)

Pederal Government of Nigeria has received a loan from the international Bank for Reconstruction and Development. (The World Bank) in various currenctes towards the cost of the Project in the name of SOKOTO AGRICULTURAL AND RURAL DEVELOPMENT AUTHORITY (SARDA) and it is intended that part of the proceeds of bis loan will be applied to eligible payments under the contract for the supply and delivery of Anissai Drawn Ridgers; 2 lock and 3 lock Petrot Dieses Pump sets; Cereal Grinders. Generator sets and Molor Cycles for Sokoto Agricultural and Rural Pumplement Authority.

ATEGORY	MEM	DESCRIPTION	QUANTITY	DELIVERY
				REQUIRED
1 .	1	Animal Drawn Ridgers	500ti Units	Within 90 days of receipt of an orde
2	1	2 inch Petrol Pump Sets	3000 Sets	Within 90 days of
_	2	3 Inch Petrol Pump Sets	1000 Sets	receipt of order
3	1	Coreal Grinders(Petrol)		Within 90 days of
•	2	Cereal Grinders(Diesel)		receipt of order
4	1	Generator Sets 1.5 KVA		Within 90 days of
-	2	Generator Sets 2.5 KVA		receipt of order
5	ī	Motor Cycles	1000 units	Within 90 days of receipt of order

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complete set of bidding documents may be purchased by an interested eligible deer on the submission of a writing application to the above set upon payment of a n-retundable tee of USS00000 or N1,200.00 by purchased to Nigeria. lete set of bidding do

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ANGLOVAAL GROUP GROUP COMPANIES CLOSING OF TRANSFER SOOKS AND REGISTERS OF MEMBERS	X
toe is hereby given that the transfer books and registers of members of the spanies (all of which are isoproprieted in the Republic of South Africs) wit the periods stated for the purpose of determining those persons entited in used General Meetings of members thereof.	l be clos

	_	Date of stoping tra Books and Regists Municipes
Company d Limited	(Reg. No.05/04680/08)	27 October - 4 Nov
ated Murchleon Limbed	(Rag No.05/05478/06)	11 - 17 Octob
Transvasi Consolidated Limited	(Reg.No.01/08442/08)	13 - 19 Octob
estiontein Gold Company Limited	(Reg.Mo.05/33925/05)	13 - 19 Octob
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EUROPEAN OPTIONS EXCHANGE 17 12.70 9.60 7 5.30 3.20 2.50 3.10 4.70 6.80 8.50 13,50 8,50 5,50 2,80 1,50 0,50 1,50 3,10 5,70 757825107517547282 7.20 9.20 1 76 16 2 4 2 132 4.50 4 5.20 39 1.40 33 10.30 - 2 14.50 54 1.80 - 2 13.90 54 2.70 208 7.7 38 2.70 208 2.50 52 3.50 52 3.50 2.30 54 31 8 1 7.70 7.70 TOTAL VOLUME IN CONTRACTS: 20,703 A-Ask 8-Bid C-Call

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ACROSS

1 and 4 Prince gets a German beer mug for physicist (6,8)

10 Poor, so curse a wealthy man (7)

11 Eastern assembly could not be closer! (7)

12 Swimmer, are you talking to theologian? (4)

13 Cultivating a garden cos, he shows off (10)

15 Mistakenly eats the Spanish plant (6) 6 People supporting specula-tor show inertness (10)
7 Chaps go in to editor to make corrections (5)
8 Little boy on river has char-

- plant (6)
 16 Establish fashionable stable
- 20 Footballer not working? (7) 21 Some say Landor settled in
- this county (6)
 24 Scottish lad once in a disaster (10)
- 26 I'm returning with little girl
- to the South of France (4)
 28 Recital could make newspaper feature (7) 29 Platform for magistrate (7)
- 30 Alms collected by many to cook for unimportant peo-
- ple (5,3) 31 Becoming modest (6)
- DOWN
- 1 A number go to clergyman

 that's right (8)
 2 Programme for outspoken
- players (9)

 3 The others get a break (4)

 5 More than one Pope is blameless (8)

- 18 Strap grass up for caribou

- (4) Solution to Puzzle No.6,725 SIXESANDSEVENS SINESANDSEVEND
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 UNAMORATA ATONE
 ORUNASIORER
- acter (6)
 9 Customary drink (5)
 14 Police raid ordered to find magazine (10)
 17 Girl getting one duet arranged displays weariness
- (8)

 19 Way to go on horsehack not disheartened by grating (8)

 22 Cancels second game of dice
- (5)
 23 Sample delicacy (5)
 25 Extremely lonely abstainer with a mass of cartilage (5)
 27 Yearn for devout direction
- For EEC Amp see Danquit Trust Marg.

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The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The more at which units may be sold.

CANCELLATION PRICE
The more and the price is units to the managers quote a much marrower unread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price solders of units over buyer.

The time shown alongside the found manager's name is the time at which the unit trust cancel action for the time shown alongside the found manager's name is the time at which the unit trust date; and dealing prices are normally set unless another time is leaf-cated by the symbol alongside the individual unit trust name. The symbols are as follows: \$\infty\$ - 0001 to 1100 hours; \$\infty\$ - 1001 to 1700 hours; \$\infty\$ - 1101 to 1801 to 1700 hours; \$\infty\$ - 1101 to 1801 to 18

| Comparison of Comparison of

| General Units | 5-5 | 221.7 | 221.7 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5 | 221.5

GUIDE TO UNIT TRUST PRICING

value.
FORWARD PRECING.
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the assessment show the prices at which deals were carried out yesterday.

Other explanatory aggres are contained in the last column of the FT Unit Trust information.

Copy Price Point Notes - Wind | Column | C | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6

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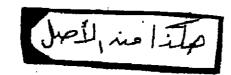
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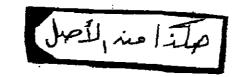
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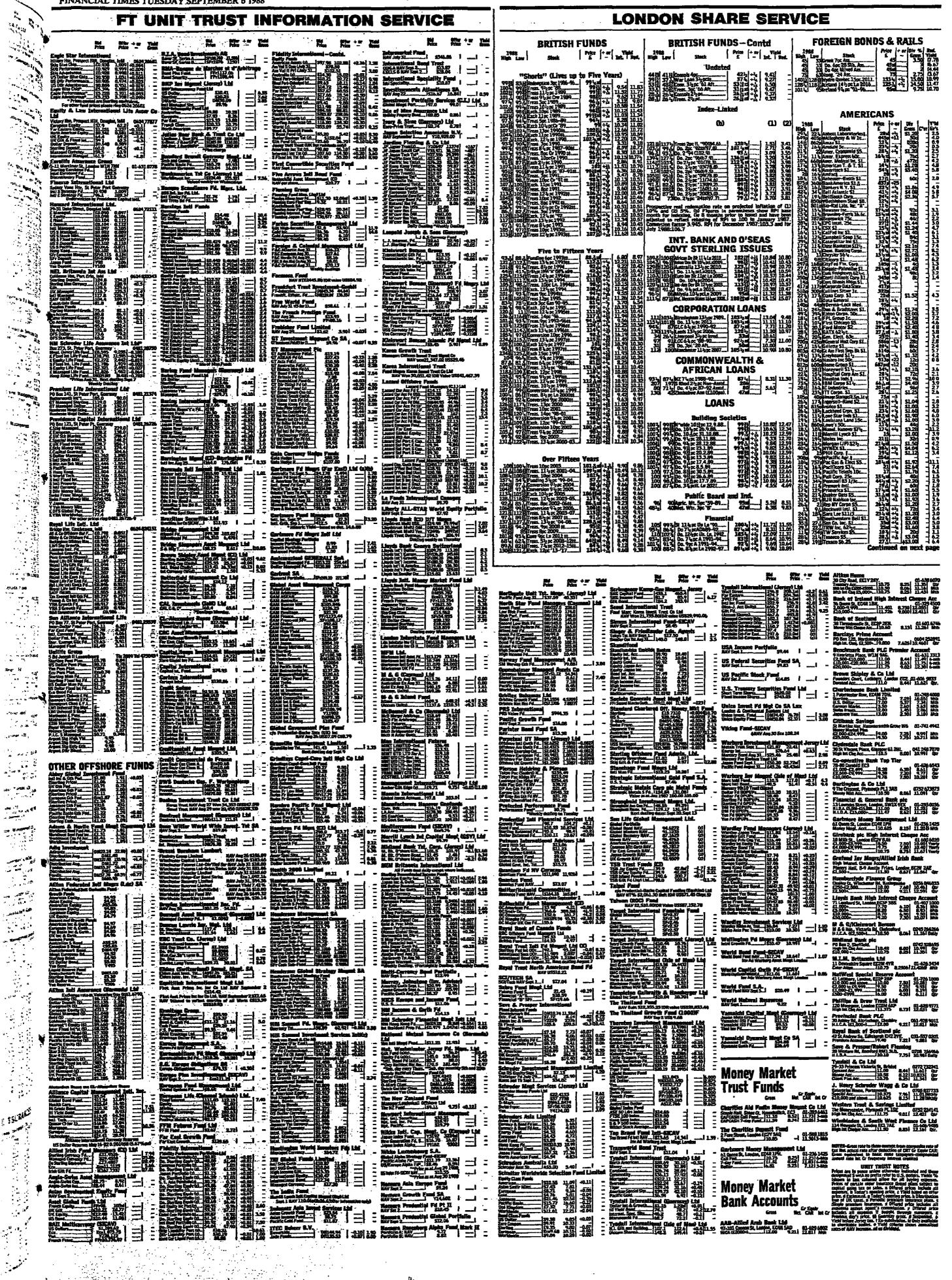
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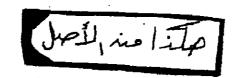


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FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS	Monday September 5 1988					Fri Sep 2	Tlau Sep 1	Wed Ang 31	Year ago Cappro	
FI	& SUB-SECTIONS gures in parentheses show number of stocks per section	index No.	Oay's Change %	Est. Earnings Yield % (Max.)	Gress Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Index No.	index No.	index No.	Index No.
1	CAPITAL G0005 (210)	761.92	+1.3	19.62	4.22	11.68	17.69	752.18	745.18	759.34	967.2
2	Building Materials (29)	ļ 957.4 9		11.94	4.46	10.28	27,%	950.19	942.85	961.66	
3	Contracting, Construction (37)	1514.41	+1.5	11.67	3.56	11.78	29.81	1492.08			
4	Electricals (12)	2084.69	+8.5	8.96	4.82	13.69	53,78				2477.
5	Efectronics (30)	11662.37	+1.5	10.47	3.69	12.31	48.42				
6	Mechanical Engineering (58)	403.54	+1.3	14.18	4.32	12.26	9.39	398.39		491.15 458.58	
8	Metals and Metal Forming (7)	460.57	+2.8	10.23	4.12	12.69	7.95	452,74 263,29			577. 384.
.7	Motors (14) Other Industrial Materials (23)	200.00	+1.0	12.24	4.95 4.58	9.43 12.73	7.06 38.04		259.47 1213.95		
TO	CONSUMER GROUP (185)	1624 64	10.9	9.40 9.55	3.83	13.23	19.52			1035.22	
~	Brewers and Distillers (21)	1075 42	+0.9	10.86	3.79	11.61	20.86		1657.75	1071.55	
2Z	Earl Manufacturing (21)	639 25	+0.7	9.41	4.00	13.56	17.99	923.15		935.34	
22	Food Manufacturing (21)Food Retailing (16)	1884 23	+8.2	9,18	3.54	34.37	38.49				
27	Health and Household (12)	1797.39	10.9	6.93	2.73	16.75	18.61		1764.95		
20	Leiture (30)	1288.71	+0.9	9.57	3.96	13.41	29.54	1276.69		1293.16	1481.
31	Packaging & Paper (17) Publishing & Printing (18)	595.70	+2.0	9.69	4.11	13.24	18,47	495.63	486.34	488.74	684.
32	Publishing & Printing (18)	3333.47	+8.6	8.56	4.58	14.67	73.53	3312.39	3271.92	3326.19	4717.
34	Stores (34)	739.15	40.8	11.23	4.48	11.71	15.59	733.26		745.26	
75	Tax+110c (16)	551.87	+1.6	12.48	4.93	9.40	12.69	545.37	537.89	548.61	839.
40	OTHER GROUPS (93)	878.89	+1.1	11.45	4.53	19.67	20.21	861.50	855.67	865.38	1141.
41	OTHER GROUPS (93)	1656.80	+1.4	8.58	2.62	14.73	18.11		1041.97		
42	Chemicals (21)	1932.73	+0.9	12.37	4.92	9.78	35.79		1014.45		
43	Conglomerates (13)	1187.19	+1.2	19.74	4.55	18.74	24,52	1172.93		1166.27	1447.
45	Shipping and Transport (12) Telephone Networks (2)	1858.07	+1.0	11.68	4.84	11.31	35.65	1840.52			2270.
47	Telephone Networks (2)	921.81	+1.2	12.05	4.83	10.77	20.38	910.76	994.43 1188.54	918.62	1976.
48		1193.56	+0.9	11.47	4.34	9.97	24,75	1183.12		1195.75	
		931.91	+1.0	16.36	4.13	12.01	19,77	922.36	915.06	929.12	_
51		1742.44	+1.2	10.84	6.20	11.84	64,62	1722.28	1695.91	1763.95	2232
59	500 SHARE INDEX (500)	1080.63	+1.1	10.43	4.42	11.98	23.54	998.18	981.32	994.95	1282
51	FINANCIAL GROUP (122)	668.73	+9.8	-	5.24		21.00	643.60	657,71	667.58	224
	Banks (8)	637.32	+0.5	22,46	6.85	5.97	30.77	634.21	630.57	639.71	817.
		1008.69	42.1	-	5.02		26,91	988.42	977.43	996.50	1129
	Insurance (Composite) (7)		+0.4	_	5.97	- 1	18.42		514.76	528.47	420
67	Insurance (Brokers) (7)	957.73	+2.4	10.06	6.65	12.85	32.83	935.63	921.33	941.75	1228.
68	Merchant Banks (11)	325.99	-1.2	- 1	4.39	- 1	7.09	329.99	328.57	335.57	492.
69	Property (51)	1164.54	+1.6	5.67	2.89	22.68	16.95		1139.86		1285.
70	Other Financial (30)	355.93	+8.4	18.50	5.47	11.54	10.24	354.53	353.89	368.46	56L
71	Investment Trasts (78)	888.87	+1.0		3.17	-	14.93	889.39	871.89	885.31	1133.
Bī	Mining Finance (2)	511.95	+0.2	9.36	3.67	12.08	8.12	510.69	586.51	511.84	674.
	Overseas Traders (8)		+0.3	10.04	4.58	_11.70	35.31	1141.38	1126.79	1135.50	1218
	ALL-SHARE INDEX (710)	915.69	+1.0	_	4.50	_	22,49	986,74	894,42	911.17	1164
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1	i	Hadex Ho.	Day's Change	Day's High	Day's Low	Sep 2) 359 1	Aug 31	Ang 30	Ang 26	
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	FD	(ED I	NTE	RES1	7	AVERAGE GROSS REDEMPTION YIELDS Sep Sep 2 (approx.)	
	PRICE INDICES	Mon Sep 5	Day's change %	Fri Sep 2	xd adj. today	xd adj. 1988 to date	1 1 Low 5 years
3 4	British Government 5 years 5-15 years Over 15 years Irredeemables	119.00 133.87 144.72 162.64	+0.40 +0.53 +0.56	118.73 133.40 143.95 161.73	0.67 - -	9.30 8.84	4 Medium 5 petrs 10.46 10.56 10.31 15 petrs 9.90 9.97 10.06 15 petrs 9.60 9.65 9.84 7 High 5 petrs 10.61 10.70 10.38 8 Coupons 15 petrs 10.61 10.10 10.23 9.59 9.65 9.88 10.61 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60 10.60
6 7	All stocks Inter-Liskel 5 years Over 5 years All stocks	125. 99 129.00	+0.96	125.98 119.93 120.25	0.04 	1.81 2.43 2.37	Infer-Linked Inflation rate 5% Syrs. 3.46 3.45 3.44 12 Inflation rate 5% Over 5 yrs. 3.91 3.91 4.03 13 Inflation rate 10% 5 yrs. 2.40 2.39 3.37
9 10	Debentures & Leans Preference		+0.87	11 <u>5.18</u> 90.21	9.26 9.14	7.37 3.74	16 Laurs 15 years 11.21 11.31 11.34

RISES AND FALLS	YESTI	PRDAY	
British Funds Corporations, Dorahnion and Foreign Bonds Industrials Financial and Properties Oils Pinantations Milnes Others	Rises 96 29 739 278 48 2 35 102	Falls 4 0 164 67 9 0 52 36	Same 13 22 694 631 49 11 107 133
Totals	1,329	332	1,345
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	FIXED INTEREST STOCKS													
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FINANCIAL TIMES TUESDAY SEPTEMBER 6 1988

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CREAT LAKES FEDERAL SONINGS

Collateralized Floating Rate Notes Series A due December 1997 in accordance with the provisions of the Notes, notice is hereby given that for the three months interest Period from September 6 1988 to December 6 1988 the Notes will carry an interest Rate of 9% per annum. The interest payable on the relevant payment date, December 6 1988 will be U.S. \$227.50 per U.S. \$100,000 principal appropriat of Notes

By: The Chase Menhattan Benk, N.A. London, Agent Bank

September 6, 1988

amount of Notes.





Mitsui Finance Asia Limited

U.S.\$100,000,000 Guaranteed Floating Rate Notes 1996

is hereby given that for the six months interest period from 6th September 1988 the Notes will carry a rate of Interest of 94% per annum. The relevant Interest Payment Date will be 6th March 1989. The Coupon Amount per US\$10,000 will be US\$458.78 payable against surrender of Coupon No. 10.

Hambros Bank Limited



Unconditionally guaranteed as to payment of principal and interest by The Mitsui Bank Limited

In accordance with the terms and conditions of the Notes, notice

Continental Airlines, Inc.

US\$38,500,000

Floating Rate Notes due 1996

Notice is hereby given that the rate of interest on the above Notes for the period 2nd September, 1988 to 1st December, 1988 has been fixed at 10.3125% per armum, payable 2nd December, 1988.

J. Henry Schroder Wagg & Co. Limited

The amount payable against Coupon No. 9 will be \$25.78 per \$1,000 Note.

Reference Agent



DANISH INDUSTRY & EXPORTS

The Financial Times proposes to publish a Survey on the above on 24th October 1988

on 01-248-8000 ext 3428 or write to her at: cken House, 10 Caunon London EC4P 4BY.

FINANCIAL TIMES



U.S. \$140,000,000



Osaka Prefecture

9% per cent. Guaranteed Bonds Due 1993 unconditionally and interocably guaranteed as to payment of principal and interest by Japan

Issue Price 1011/2 per cent.

NEW INSUE

AUXIUST 1988

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The Central Bank of The Republic of Turkey

(Türkiye Cumhuriyet Merkez Bankası)

U.S.\$100,000,000

Eurocommercial Paper Programme

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Saudi International Bank ALBANK ALBANDI ALAIAMI LIMITED

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August 1988

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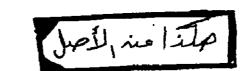
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FINANCIAL TIMES





Since Compiletion

LONDON STOCK EXCHANGE

Gilts and equities post good gains

markets yesterday took last Friday's recovery a stage further after a much more encouraging performance by sterling in the foreign exchange mar-

firm showing by Gilt edged securities gave sta-bility and enthusiasm to the rest of the stock market as the new trading Account com- showing of sterling, a slight

This performance was mirrored by the FT-SE 100 share roughle of bumpy periods during the session, closed 17.6 mirrored into rises of as discharged into rises of as discha

traders to have impressed from dented by an upward revision the outset. Buoyed by the in the July retail sales figure.

Accou	at Dealing	Dates
Thirt Dealings: - Aug 15	Sep 6	Sep 19
Option Pectury Sep 1	Sep 15	Sep 29
Last Deallegs; Sep 2	Sep 16	Sep 30
Account Day:	- Sap 26	Oct 10
Now the deal	ings may take	place from

easing in money market rates and the trend in US bonds last igher at 1764.5. much as % in places, before
The gilts market was said by sentiment was momentarily

FT-A All-Share Index

However, buying interest returned to the market after this blip (caused by the retail sales numbers) and longer-dated issues moved up to show gains of up to % before these were shaved at the close to around the 1/2 mark. Shorts were up some %. Overall, bust-

ness in the sector was rela-tively low. Equities were marked up at the outset and made considerable progress for the first cou-ple of hours of trading. The initial improvement reflected a stock shortage after the recent

Dealers reported persistent support for leading issues for the first couple of hours, but little subsequent interest

Equity Shares Traded

Aug Sep

possibility that takeover specu-

lation could return to the mar-

Two of the bank's biggest shareholders, Willis Faber and the Bond Corporation, are

thought to be reassessing their holdings and there would be no

Turnover by volume (million)

either way. Turnover, includ- Smith, equity market strateshares, well down on last Fri-Commenting on the day's

performance, one senior mar-ketmaker said: "Perhans we've come up too far, too fast, but at this level we are not feeling uncomfortable".

John Whitehead, of Flemings Research, described the mar-

heat's performance as "hearten-ing" and pointed to its "reso-lute" showing when activity petered out in the afternoon — "Prices held up despite the fact that everything stopped. The interest rate scares look to be over for the time being". At Prudential - Bache, Bill

1000p, while British Petroleum

issues also moved higher, although business in both clas-

ses of shares was relatively slow; the "old" closed 3 dearer at 245%p and the partly-paid similarly better at 146%p.

Another flurry of speculative interest resurrected bid hopes

in both Enterprise, up 8 at 461p, and LASMO which rose

8½ to 402½p. Takeover conjec-ture also aided Triton Europe,

international stocks enjoyed limited rally after last week's

depressing form. Dealers

reported early interest from trading funds which sent

prices higher as it uncovered

selected shortages of stock. Glazo put in its best performance for some time, rising 14 to 970p in turnover of 1.8m shares. Several brokers have

recently highlighted Glaxo's long period of under-perfor-manes as part of a general re-rating of the health and house-

ICI rose 12 to 1018p, while Beecham, helped by a buy recommendation from Morgan Grenfell, added 5½ to 469p.

Fisons remained relatively out of favour, falling a penny to 230p. Dealers said the new

shares become fully-paid on Wednesday.

ing 2 to 141%p in turnover of 5.4m, while BTR gained 6 to

268p.

Banks performed poorly, with only Nat West posting a decent rise, up 7 to 534p as buyers moved in to support a

stock regarded as at the bot-tom of its trading range. Mar-

etmakers were surprised that

Barclays only lost 3 to 394p as

the shares went ex-dividend. Barclays is regarded by some

dealers as the only one of the big four to be benefiting from

the rise in interest rates. Turn-

over in Barclays, at 2.7m

shares, was impressive on a day of thin trading.

were strong, with good buying interest in Abbey Life, 8 better at 305p, Sun Life, up 5 to 1218p, and Pearl, 5 to the good at

479p, despite going ex-dividend. Composites were quiet, while

Composites were quer, while Brokers mostly went with the market. The main exception was Hogg Robinson GM, 4 points easier at 150p. Sedgwick firmed 5 to 234p ahead of today's interims, with County NatWest WoodMac forecasting 557m, well down on last year's

257m, well down on last year's

ity given to the Farnborough International Air Show draw

The general round of public-

Among the insurers Lifes

Hanson was well traded, ris-

higher at 167p.

hold sector.

ing marketmarker and cus- gist, said the market has tomer business, totalled 284.8m moved into a "cheap valuation moved into a "cheap valuation range", and he expects equities to "continue tracking Wall Street, but in a fashion dampened by domestic interest rate trends".

> Around the sectors, mer-chant banks were hit by worries that the recent sharp falls in equities and the low level of business will have a major impact on profits.

The building sector continamount of attention, partly on another flurry of takeover speculation and also ahead of a long list of company news items due this week.

Leading electrical issues were unexciting. GEC aroused most interest ahead of Friday's annual meeting and the shares rose 2% to 155p in turnover of 5.6m. Dealers reported institutional buying and said it was stimulated by hopes that plans for a share buy-in around the 170p level will be approved by shareholders. Thorn EMI, due to hold its annual meeting on Thursday, failed to find much support and fell 1 to 620p. Ana-

lysts expect it to reveal details of a revised accounting policy. The rally in the Building sector continued yesterday, but marketmakers reported few signs of an expansion in trade from the recent low levels. Taylor Woodrow featured a sh rise of 13 to 587%p xd as the market continued to speculate about the possibility of an outright bid from P&O which increased its stake in the group to 9.9 per cent last week. Costain, in which Trafalgar House holds a stake, moved up 9 to 291p ahead of tomorrow's announcement of the interim

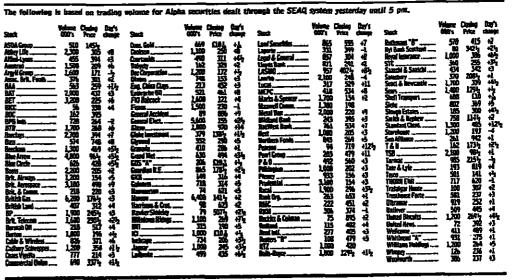
Among the Housebuilders, Persimmon responded to half-year figures (213.1m against 24.8m) with a rise of 7 at 158p. ns Chocolates rose 75 to 305p in a very thin market as the company announced that it is having talks with an unnamed party about a possi-ble offer for its shares. Dealers speculated that the bidder might be Trebor which owns 17 per cent of Jamesons. Thorn-tons denied that it was the suitor. Ptarmigan rose 8 to 91p on trading hopes after weekend

Revived suggestions of a management buy-out led to fresh interest in Blue Arrow, the international employment agency, which traded briskly

High 127.4 91.43 66.25 (3/1/75) (2/9)(9/1/35) 95.62 95.87 105.4 (28/11/47) (3/1/75) Ord. Di. Yield
Earning Yid %(full)
P/E Ratio(Net)(&)
SEAQ Bargains(5pm)
Equity Turnover(2m)! • S.E. ACTIVITY 12.32 9.87 22,577 820.73 12.17 10.00 19,380 934.56 20,148 277.8 12.20 9.97 26,376 1005.98 12.18 10.00 23,651 664.96 Gilt Edged Bargains Equity Bargains Equity Value 177.2 27,351 394,7 21,676 321.6 23,841 286.2 5-Day average ●Opening ●10 am. ●11 am. ●12 pm. ●1 pm. ●2 pm. 1413.9 1420.5 1421.5 1420.4 1420.6 1421.2 ●3 pm. ●4 pm. 1421.8 1421.8 DAY'S HIGH 1423.0 DAY'S LOW 1413.9

FINANCIAL TIMES STOCK INDICES

TRADING VOLUME IN MAJOR STOCKS



(4.8m shares) and closed 51/2 dearer at 96%p, after 97%p. Some analysts, however, are distinctly sceptical about such move. Elsewhere in this area Hestair met with occasional support ahead of Thursday's interim figures, with the shares closing 6 to the good at 316p. BZW, the securities house, is looking for half-year pre-tax profits of around £9m, compared with £5m.

Basis 100 Govt. Secs 15/10/25, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ☆ Nil 9,99 ↑ Excludin

British Aerospace traded firmly in the wake of the announcement of orders worth a total of around £386m for UK-built aircraft from the Farnborough International Air Show. BAe moved ahead in a volume of some 2.3m shares to

close 9 dearer at 49p.
Yale and Valor, in which Williams Holdings and Inger-soll Rand both hold stakes, were a good market and touched 438p before closing at

HEEL PORK

433p, a net gain of 13. Lucas Industries benefitted as traders balanced their book positions, gaining 11 to 529p in limited trading, while Jaguar rallied 8% to 245p helped by a long-term buy recommendation from Shearson Lehman Hut-

Distributors also came into focus more clearly with Western Motor especially firm at 588p, up 26 further. Dagenham Motors replied to good interim results and the board's forecast of a "very successful" year, ris-

ing 3 to 128p.
A combination of short-covering purchases together with renewed speculative interest brought some relief to the Tex-tile sector. Dawson International downgraded by several analysts over the past few months, rebounded 8 to 213p and Courtaulds recovered 4½

to 311p. Revived talk of take-

over possibilities lifted Illingworth Morris 6 to 163p, while Lister gained 6 to 125p xd. BAT Industries improved, with the market looking for good interim results tomorrow. BZW believes there is a further re-rating to come and is forecasting profits of £705m, compared with £642m, with a full-

year result of £1,630m. Business was light on the Traded Options Market, with only 22,932 contracts reported, of which 15,840 were calls and just 7,092 were puts. There was brisk buying in British Gas, with 1.363 calls, and Hanson Trust, with 1,280 calls and 150

Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 40

Spirits battle

nears end

WEEKEND developments caused trading in Irish Distillers (ID) shares to be suspended before a single share changed hands yesterday morning. The war of words between rival predators Grand Metropolitan and French group Pernod Ricard, which yesterday unveiled an offer of IR450p for each ID share, was extended to the courts after Pernod amounced that it was contesting the revised bid revealed by

Grand Met on Sunday.

Dealers were left twiddling their thumbs as they awaited the outcome of Wednesday's hearing to determine whether FII Fyffes' previous undertaking to Pernod was legally bind-ing or whether the Irish food company could pass its 20 per cent stake in Irish Distillers to Grand Metropolitan, taking advantage of Grand Met's higher bid of IR525p per ID

As one trader commented, "All we can do is wait to see if we will get the higher or the lower price for our shares in Irish Distillers." In the mean time, speculation that FII Fyffes will be allowed to accept Grand Met's higher price se its shares up 12 to 130p. Most of the turnover was in Dublin. Grand Met shares edged 3% higher to 494p in thin turnover

Bowater caution

Awaiting the announcement of today's interim figures, Bowon 8 to 415p. In a current update on the group Morgan Grenfell (MG), the securities house, suggest that following consistent a state of the securities house, suggest that following ater attracted buyers and put house, suggest that louwing consistent outperformance The SBCI analyst puts Morover the past three months, Bowater has achieved the rerating de ing its last set of figures.

MG, however, believe that

because of the group's vulnera-bility to rising base rates, the shares look fully valued. In the sort term MG are concerned not only about the effect of higher charges on interest payable but also on the potential impact on profits from builders' merchanting and replacement windows.

Lonrho subdued

spirit.

-

i luis missil;

Lonrho, one of the market's brightest performers last month, moved in contrast with the wider market yesterday. Volume fell noticeably from the previous week's high daily average of some 8m shares to only 2,1m and the stock reacted 4 to 248p.
Business was inhibited by a

report that a Kuropean consor-

Jul Aug tium of Lonrho and two West German banks was negotiating the purchase of the Iranian holding of 25.01 per cent in Fried. Krupp GmbH KRPG.F, the West German group. Iran was said to be sounding out

buyers for the stake, but the trust owning the remaining 74.99 per cent of Fried. Krupp GmbH has right to first refusal of any sale.
Followers of Lonrho have been looking for some develop-ment to explain the shares' 15 per cent out-performance rela-tive to the general market last month. Some feel quite sure that a stake has been acquired and one analyst com-mented: "I can't believe the

profit of 247m. County NatWest WoodMac's analysts are partic-ularly bearish, predicting 522m. Mr Steven Thorn, ana-

gan's decline down to sus-pected losses on its US operations as well as on the securities side, poor commer-cial lending, and a serious shortage of corporate underwriting business. However, he is still recommending investors to buy Morgan stock on the

Merchant banks fall Morgan Grenfell shares took a knock — bringing other mer-chant banks down with them — as pessimism deepened ahead of Thursday's interim-figures. Analysts' forecasts range around the 230m mark, well below last year's first-half profit of 447m. County NatWest the 200p target that Ben-Zur and PWS executives are hoping

the marked strength of the

Krupp story is the reason for

400

300

200

shortage of parties, particu-larly in Europe, willing to pick up the stakes at the right price. Troubled insurance broker PWS was in the spotlight as dealers digested weekend press speculation that Mr Malcolm earson, the new chairman and chief executive of PWS. has come to an agreement with the Ben-Zur family over the fate of its 42.5 per cent stake in the group. After briefly touch-ing 145p, PWS finally closed on 140p, a rise of 10p on the day. Several dealers believe that Mr Ronnie Ben-Zur, who recently resigned as chief executive of PWS, will soon sell his family's stake. But they doubt whether he will get much more than 150p a share, well below

The long statement from PWS which appeared on the SEAQ screens yesterday out-lining the group's trading position and its negotiations with major shareholders is seen by some in the market as an attempt to attract possible buyers of the Ben-Zur stake. One market-maker described it as window dressing to see if anyone out there might be inter-

Energy major British Gas responded to a welter of advice on the high yield it offers and its attractive dividend growth rate, rising 3 to 176%p in vol-ume of 6.2m shares. Shell Transport were bought for the

NEW HIGHS AND LOWS FOR 1988

A Pascock, NEGUSTRALS (2) Armour Treat, Hells Homes & Gens, Hanckey-Maller; REMERANCE (2) American-Ben.Corp., Trade Indemnity, LESSINE (3) Hanimar, Prility Radio NY, Radio City, MOTORS (1) Jacks Wm., NEWSPAPERS (2) Haynes Publishing, Home Counties, Stewards (1) Turnbull Scott, 1942878 (1) Val. Stal. Tut.Stap CP. MENY LOWE (45). STRINGT PUBLISH (1) Treat.Spc 1901, STRINGT STRINGT (1) Treat.Spc 1901, STRINGT (1) Minerele, Nini Businese Systems, SIML DROG (S) Greet Michol 5-2pc PL, Marsthalia Haillan 6-2pc Cv Cm Red., STORES (S) Automagic, Euss, Mellest, Smith (W.H.), Storehouse, EMERICENTING (1) Habit Precision, POODS (1) Anatos & Huicheson, SEDUSTRIALS (S) Davies (2), 7), Miser-5-2e, Page (Michos), Padem (nd., Shiloh, NEWSPAPERS (1) Colling (Nto), FAPERS (1) Storehouse, POODS (Nto), FAPERS (1) Storehouse, Page (Nto), FAPERS (1) Colling (Nto), FAPERS (1) Anglovani, Angle Am. Corp., Ang. Am. Gold, Slyvoor, Budela, Coss. Mod Yelms, Destinant, Durban Osep, Free State Dev., Gold Fields & A. Metal Expioration, Rand Min. Prop., St. Helsen, Southart Venhrete, Storehis, Unibed, Vanil Reds, Wellson, THRED MARKET (1) UPL.

attention to Rolls-Royce which touched 130%p before settling 1% better on the day after 129%p; volume amounted to around 1.8m shares. IMI scheduled to reveal half-year results today, were favoured and closed 5 to the good at 190p, while Linread, reflecting the announcement of satisfactory interim figures, improved

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APPOINTMENTS

Managing director at Lesser Homes

E Mr Ivan Lyons has been appointed managing director of LESSER HOMES, a former member of the Lesser Group. He was a divisional director with Balfour Beatty Homes, with whom he spent over five years. He began his business career with Sir Lindsay. Parkinson in 1964, moving three years later to Crest Homes. During the 14 years spent at Crest, he held a number of management appointments before being moted to the position of land and marketing director.

The PUGH CARMICHAEL GROUP, a commercial relocation specialist, has appointed Mr Harry Cowan as commercial and development director. He was operations director at AEma Life Insurance Co. Mr Cowan has also been appointed to the main board and will be responsible for developing the communications and facility management divisions.

 BRISTOL & WEST BUILDING SOCIETY has restructured its senior management. Central to the restructuring will be the appointment of a new managing director in succession to Mr Robert Linden, who is leaving to take up a position with the North of England Building Society.



Mr Ivan Lyons, managing director of Lesser Homes.

Pending the announce of the managing director, Mr Briam Sims, secretary of Bristol and West, will also ne acting chief executive, in addition to remaing the

Reporting to the managing director will be five divisional general managers, Mr Peter Breach, general manager, finance (in addition to being finance director), Mr John Burke, general manager, retail operations, Mr John Clarke, general manager, manager services, and Mr Robert Coverdale, general manager, corporate services. A general manager, business

development, will be appointed in due course.

Mr Adrian Neaves, managing director of Griffin Factors, has been appointed to the executive co OF FACTORS CHAIN INTERNATIONAL

Mr Alian Johnson, formerly European counsel for Rockwell International, has been appointed director, legal affairs, for HERTZ EUROPS.

ROF INTERNATIONAL, water filtration company, has appointed Mr Trever Gre as chairman and managing director. He was assistant managing director of Matthew Brown, and is a non-executive director of Jennings Brothers.

Mr Steven Carlson has been appointed manager of financial services for TEXACO, London. He served as a member of Texaco Inc's reorganisation group, a corporate team which was charged with the arising out of Texaco's Chapter

HAMBRO MAGAN has appointed Miss Odile L. Griffith as a director. She was with County NatWest Corporate Finance. Mr David MacFarlane, formerly with Dean Witter Corporate Finance, has been appointed an associate.

PREMIER BREEDERS has appointed Mr Bob Strathle to the board as director of farms and production. He was MORT



Mr Peter Hulmes has been appointed a director of ALFEED McALFINE CON-STRUCTION and will lead the company's new regional group as managing director, based at Hooton, South Wirral, Cheshire. He joins from Kler where he was chairman of Regional Construction.

development manager.

BINDER HAMLYN has appointed Mr John Stubbs as managing partner of its Leeds

Mr Allan Bosley has joined. MODULE as business development director. He was marketing director of

■ Boots subsidiary, CROOKES HEALTHCARE, has appointed Mr Peter Tyler as head of sales. He joins from Colgate Palmolive, where he was general sales manager.

COMMODITIES AND AGRICULTURE

Kuala Lumpur tin price hits 30-month high

26,500 tonnes and 10,000 tonnes

The ATPC said world sur-

plus stocks stood at 47,600 tonnes at the end of April, and

were being depleted at the rate

would supply by about 16,000 tonnes this year.

The biggest worry among ATPC officials is that the

steadily rising prices will

encourage miners to increase

their production and circum-

vent export limits. This is espe-

cially relevant for low cost pro-ducers such as Brazil, China,

In Malaysia, about a dozen

small gravel pump mines have resumed production during the

past year, although their addi-

tional output is not expected to breach Malaysia's allocated

quota. Many more have sought

permission from the authorities to restart their mines.

think tin prices can go up sig-nificantly," said a senior

Malaysian official.

"For this reason, I don't

Also a rise above 24 ringgit a

kg might encourage sales by the three Asian banks which

are holding 19,000 tonnes of tin

warrants accepted as collateral against loans to the Interna-

tional Tin Council before the

collapse of its buffer stock operation late in 1985. Among

the big holders of ITC stocks

are two Malaysian govern-ment-owned banks, which have

to consult the authorities before they can sell to market.

Pakistan's cotton crop is expected to be well down on

last year's bumper harvest of

8.6m bales, of which 4m bales

Traders say the damage

caused by beavy rain in Sind

and Punjab have reduced out-

put to less than 8m hales.

were exported.

Indonesia and Thailand

respectively.

THE KUALA Lumpur physical tin market has at last broken through the 20 ringgit a kg barrier. Having risen slowly but steadily for two years the Kuala Lumpur price gained 13 cents on Friday to 20.06 ringgit a kg (£4,600 a tonne) on strong demand from Europe and Japan. Yesterday it advanced further to 20.10 ringgit.

The market is now at a 30 month high and is more than 20 per cent above the level ruling a year ago. The weakness of the ringgit against major currencies during the past few months has contrib-uted to the rise, but mining officials are claiming that most of the credit is due to the supply control policy operated by tin producing countries to bring supply and demand equilibrium to the once glutted

The general consensus among Malaysian traders is that prices are likely to move up further in the coming months, possibly to 22 ringgit a kg by the end of the year and 24 ringgit next year.

"There is no doubt that the adopted by the Association of Tin Producing Countries has been effective in reducing the overhang in the market, and in turn, has boosted prices," said a prominent tin trader.

Under the ATPC scheme, the seven member countries agreed to restrict their exports 101,900 tonnes for the year to March 1989. At the same time Brazil and China, which are not members, pledged to keep their exports within

By Christina Lamb in Islamabad

PAKISTAN's cotton season has

begun in chaos, with traders

confused over the country's

newly-liberalised cotton policy. Under the new trade policy announced in June by Dr Meh-

bubul Hag, the Finance Minis-

ter, cotton traders are for the

first time allowed to procure

cotton directly for export. Pre-

viously the government-owned

Cotton Export Commission had

a monopoly on purchase and

exports of raw cotton. The

Government was expected to

hold consultations with the

private sector to finalise the details, but so far there has

been no word from Islamabad.

A leading trader said direct procurement of cotton required

heavy financial outlays for

which government-approved bank credits were necessary.

Policy changes confuse

Pakistani cotton traders

Producers follow zinc market higher

By David Blackwell

EUROPE'S ZINC producers. including Metallgesellschaft, Preussag and Vieille Montague, yesterday raised their prices for the metal to \$1,350 a tonne, returning it to the record level set in June. The increase of \$75 a tonne

of 2,000 tonnes a month. War-burg Securities, the London stockbroker, recently esti-mated that demand for tin followed the rises announced late on Friday by EZ Australasia and Canada's Noranda. Prices were last raised – also by \$75, to \$1,275 a tonne – on August 18. On the London Metal Exchange cash high grade zinc shed \$9 a tonne to \$1,347.50 at

the close yesterday.

The European Producer
Price (EPP), which started this
year at \$860 a tonne, has certainly had a varied career over the past 12 months. Until February it was setting the trend for zinc prices, then it lagged behind the rapidly rising LME price, and now it has been set at about par with the LME

Analysts said the move was generally expected. One said he believed the change indi-cated that the producers had realised the need to be more flexible and to keep in tune with market conditions. "In the past they have kept to unrealistic prices for too long," he said.

However, another said he thought the producers had brought the EPP down too quickly in July, when it was cut by \$150 to \$1,200. "The fundamentals for zinc are good, and have continued to be good," he said. "Another price rise soon cannot be ruled out."

Demand, which has been growing for the past six years, remains strong, particularly from the construction and automotive industries, and stocks have been drawn down. Consumption of zinc in non-communist countries rose by 2.9 per cent last year to a record 5m tonnes, as better production processes and new uses for the metal continued to be found, the General Agree-ment on Tariffs and Trade said yesterday, reports Reuter from

A Gatt report, called "Back-ground Study on Zinc and Zinc Products," said trade patterns in the metal were expected to remain steady.
Global consumption in 1986 was a record 6.8m tonnes, the report said.

declined meanwhile. Other major producers expect bumper crops, while cotton consumption has declined in the

US and Western Europe.	(Change during week ended last Friday) tonnes
Last week the government- appointed export check com- mittee quoted international market prices of only 44.25 cents a pound compared with last year's average of more than 60 cents.	Aluminium standard +2,950 to 53,250 Aluminium triph grade +5,950 to 78,400 Copper Grade A +5,75 to 121,025 Lead -125 to 63,725 Nickel -264 to 2,784 Zinc -500 to 33,325 Tin -245 to 12,650 Silver (cz). unchanged at 14,872,000

British forestry policy under scrutiny

Bridget Bloom assesses the impact of pressure from environmentalists

HE CONIFERS snake round the edge of Loch Kinardochy, leaving an uninterrupted view across tranquil water to rounded heather moors and mountains stretching to the skyline. It is a pleasing scene and was designed to be so: landscape architects were employed by the Forestry Commission to make sure that the serried ranks of spruce and pine

complemented rather than marred the living picture.

As it happens, Loch Kinardochy and its surroundings, above the Tay valley in Perthshire, Scotland, were planted in the 1970s – well planted in the 1970s — well before the debate over confer planting sprang into public prominence a couple of years ago. Since then, the Forestry Commission — a government body founded in 1919 to regu-late forests and to plant them — has reid more attention to - has paid more attention to the environmental impact of forests than the recent barrage of criticism might suggest.

But in future the environmental issue could become much more important for both the Commission and the forestry industry as a whole, if a new European Community directive is brought effectively into force. The little publicise directive, introduced last month, could oblige forestry companies to produce and fol-low environmentally sensitive planting plans for all their larger new plantations
This new "environmental

essment" directive is one of three major changes gradually filtering through into Britain's controversial forestry policy. The most immediate was yesterday's launch by Mr John MacGregor, the agriculture minister, of a new farm wood-lands scheme. As an experi-ment farmers are being offered generous grants to plant trees on land which formerly grew arable crops or reared live-

The most momentous change, however, was the deci-

stock. Up to 36,000 ha are to be

so planted over the next three

years, in the interests of

cutting back on farm surpluses as well as improving the land-

sion last March to end the controversial tax incentives which encouraged the very rich to invest in blanket conifer planting of much marginal land in Scotland, in particular. There is a five-year transition period for those given permission before the budget announcement to plant under the old system. For new planting, forestry has been taken out of

However, debate in Parliasion itself, responsible for more than half of existing commercial conifer forests, from the

mentary committee on the issue has so far thrown up several controversial issues. The directive appears legally to exclude the Forestry Commisexisting environmental assessment procedure. Secondly, an assessment plan can only be

:	· caron					<u></u>	•
Post-l	Budget r hects	Woodk re - old	nd Gra	nt St In bri	ruetu eckel	re s)	:

0.25 - 9.99 ha 1.00 - 2.90 ha 3.00 - 9.99 ha 890 (505) 795 (420) 615 (240) 975 (479) 10.00 ha and over

Conifer

1.005 (630

the tax system altogether is being encouraged by markedly higher grants (see table).

Although the decision to take forestry out of the tax net was welcomed at the time by conservationists groups, which had been united in their con-demnation of the old system, it is too early to tell how far these three changes will actu-ally affect forestry policy, and whether they will deflect public criticism of forestry policy as a whole.

environmental assessment directive goes quite a long way to meet the demands of the conservationists that conifer planting should be subject to more effective controls. The directive provides that all plantings over 100 ha planned by the private sector must be accompanied by a detailed environmental plan, as must any smaller area proposed for planting in designated areas such as national parks. Such plans must be open to public scrutiny, while if the Forestry Commission, or beyond that, ministers, disagree with the plan, planting grants, and therefore planting permission, will be withheld.

required if government grants are being sought. Also, the public consultation process has been criticised for not statutorily involving government conservation quangos like the Countryside Commission and the Nature Conservancy Coun-

1,575 (890) 1,375 (735) 1,175 (830)

It may be that a test case will emerge over the next few months which will set at rest some of these doubts. Like-wise, a period of several months will be needed before farmers' reaction to the new farm woodland scheme, which comes into effect on October 1, can be properly judged. Announcing the scheme yester-day, Mr MacGregor said it would cost some £9m to £10m in 1989-90, and about £12m in

The Forestry Commission, which has been promoting the farm scheme at agricultural shows during the summer, reports considerable interest, but farmers must judge it against others also designed to take land out of farm production - primarily the less per-manent set-aside schemes for which comparable payment is

left fallow, albeit with a green cover crop, will attract up to £200 a hectare for three to five years. The farm woodlands scheme attracts the same grants as commercial forestry (except in the case of large scale conifer plantations, for which the farm woodlands scheme attracts only £240 per ha). But the farm scheme will also pay annual grants of up to £190 a bectare for between 10 and 40 years, depending on the type of land, and the species of tree, being planted.

The decision to remove for estry from the tax net was initially greeted with initial reactions of shock from the forestry industry, and emphoria from the conservationist movement. These have given way to more cautious assessments on

The industry has broadly welcomed the new grants, which for larger plantations of conifers nearly treble those that went before. It is thought that a broader range of inves-tors will be tempted into for-estry: Mr Barry Gamble, director of Fountain Forestry, calculates that with the drop in top income tax rates from 60-40 per cent, also announced in the budget, private individuals could be tempted by the possibility of tax-free yields of 4.5 to 5 per cent above inflation.

The industry has also been

encouraged by the re-statement of government policy, which is to continue to promote commercial forestry, with a target of 33,000 ha to be planted each year. However, this has dimmed the earlier optimism of conservation groups, since it is clear that the Government believes such targets can be fulfilled only by the substantial continuation of conifer planting in Scotland, and to a lesser extent in Wales. (A statement last spring from Mr Nicholas Ridley, minister for the Environment, that large scale conifer planting would be discouraged in England has conspicuously not been repeated by the Scottish and Welsh Offices.)

As yet, however, there have Set-aside, in which land is been few applications under

the new arrangements, partly because the new grants were cleared by the EC Commission ciearen by the Ec Commission only in June and application forms have been available only for some six weeks. Some people in the industry believe there will be a rush of planting over the next few months; so that land cleared for planting under the old system can get maximum advantage from the transition period.

According to the Forestry Commission, nearly 70,000 has been cleared for planting under the old arrangements. although neither the Commis sion nor industry representa-tives believe all of this will be tives believe all of this will be utilised. One industry estimate is for some 30,000 ha to be planted under the old arrangements in the next year, dropping to about 8,000 ha in the following 12 months. It is far from clear therefore whether the 33,000 ha target can be met overall since the Comission overall, since the Comission itself, in furtherance of the Government's policy of leaving the majority of planting to the private sector, apparently intends to plant no more than 5,000 ha a year.

The public argument over forestry policy has abated noticeably since the Budget announcement in March Little or nothing has been heard for example of the possibility of privatisation — hiving off the Forestry Commission's own commercial operations to the private sector and leaving the commission with the role of industry regulator and envi-ronment conservator.

Neither has there been more examination of the most basic factor in the whole forestry debate: whether it is actually appropriate or economically sensible for Britain to grow conifers to feed its timber plants rather than import the wood from possibly cheaper sources.

But these two fundamental issues, together with the uncer-tainty following the Budget changes and the confusion over the environment directive suggest that the controversy surrounding forestsry policy may be far from dead.

Norway details N. Sea oil and gas licensing plans

NORWAY'S OIL and Energy Ministry yesterday detailed plans for allocation of 13 off-shore blocks located in a hitherto disappointing Barents

The acreage is to be awarded early next year under the second phase of the country's 12th oil and gas licensing round in which 11 North Sea exploration licenses were awarded in July.

The announcement comes hard on the heels of by far the

most pessimistic prognosis on Norway's future oil producing prospects made nearly two weeks ago by the Norwegian disputed fisheries area, the Petroleum Directorate, the country's watchdog over the dvises the Ministry of Oil and

> Norway had set high hopes on making a major oil discovery in the icy climes of the Barents Sea region to replenish ailing state coffers, which have suffered since oil prices fell dramatically in 1986. However, after three years of

exploration in the area only a minor gas discovery has been made. The NPD says that "the probability of making substan-tial discoveries (there) is regarded as low and the major-

gas."
Four of the eight Barents Sea blocks to be awarded are in the eastern part of the area while the others are in the west. Furthermore, the NPD says that the complicated geological history of the area has obviously affected the collection and storage of oil and gas

in reservoirs there and that the likelihood of finding oil in "North Sea quantities" steadily decreasing.

fishing industry whereby only three licences, instead of six originally planned, are to be awarded in the disputed Moere I fishing area off mid-Norway.

Here the NPD says that the oil/gas ratio will probably change in favour of less oil and more gas - a scenario which Norway, with more gas than it

has gas sales contracts — can

the Haltenbank will also be The Ministry agreed a com- awarded. The prospects there romise with the country's are seen to be brighter than for the other two regions, but the area is characterised by complex geology.

Oil companies have until mid-November to submit appli-cation for acreage. It remains to be seen, however, if the NPD's gloomy forecast sways oil company interest away from this licensing round.

WORLD COMMODITIES PRICES

LONDON MARKETS THE OPENING of the International Cocoa Organisation (ICCO) talks in London overshadowed the cocoa market yesterday, and prices were hittle changed in quiet trading within a narrow range. The talks, which continue for the next fortnight, are seen as critical to the future of the organisation. Its many problems have boen exacerbated by the weakne the market. This has itself been bearish in the tace of continued overproduction and the stance of the ivory Coast, the world's biggest producer, which is threatening not to oin the next cocoa pact in 1990 if prices fail to rise. On the London Metal Exchange copper prices closed at the day's lows. Trade was thin, and vulnerable to exaggerated movements in the absence of a lead from Comex,

SPOT MARKETS		
Crude off (per barrel FOB S	optember)	+ or -
Oubal Brent Blend W.T.i. (1 pm est)	\$12.25-2.30q \$13.60-3.90y \$14.93-4.98q	-0.20
Oil products (NWE prompt delivery per	tonne CIF)	→ or -
Premium Gasoline Gas Oil	\$176-178 \$125-126	-2
Heavy Fuel Oil Naphtha Petroleum Argus Estimates	\$86-67 \$130-132	-2 -2
Other	<u></u>	+ or -
Gold (per troy ez) \$\frac{1}{2}\$ Sliver (per troy ez) \$\frac{1}{2}\$ Plabnum (per troy ez) Palladium (per troy ez)	\$427.76 650c \$522.15 \$122.00	-0.60 -6 -5.60 -0.50
Aluminium (free market) Copper (US Producer) Lead (US Producer) Nickel (free market)	\$2560 109 ⁵ g-10 ³ g-0 36c 610c	-95 -5
Tin (European free market) Tin (Kuala Lumpur market) Tin (New Yord. Price) Zinc (US Prime Weatern)		-15 +0.04
Cattle (five weight)† Sheep (dead weight)† Pigs (live weight)†	113.93p 163.03p 68.61p	-1.08" + 1.28" -0.49"
London daily sugar (raw) London daily sugar (white) Tate and Lyle export price		-1.5
Barley (English feed) Malze (US No. 3 yellow) Wheat (US Dark Northern)	£104 £126q £122	-0.5
Rubber (spot)♥ Rubber (Oct)♥ Rubber (Nov) ♥ Rubber (KL RSS No 1 Oct)	70.25p 76.75p 77.25p 530.5m	-0.25 -0.25 -0.25 -0.25
Coconut oil (Philippines)§ Patm Oil (Malayslan)§ Copra (Philippines)§	\$575w \$440a \$365x	+5
Soyabeans (US) Cotton "A" Index Woolnes (Ma Superi	\$212 56.55c	+0.40

COA	£/tonne		
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CAN THE TYPE	R (5 per 10 Close 244,60 245,60 242,60 225,80 Close 266,00 280,50 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00	rices (US cially 108.05) 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.8	High/Low 245.00 243.60 243.00 243.60 243.00 243.60 245.00 255.00 255.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00
CO AL CONTROL OF THE PARTY OF T	R (5 per 10 Close 244,60 245,60 242,60 225,80 Close 266,00 280,50 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00	rices (US cially 108.05) 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.8	High/Low 245.00 241.60 235.00 High/Low 265.00 241.00 245.00 241.00 245.00 245.00 255.00 255.00
CAME TO THE PARTY OF THE PARTY	R (5 per 10 Close 244,60 255,00 242,50 235,80 Close 266,00 295,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00 285,00	rices (US cially 108.05) 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.85). 108.8	High/Low 245.00 243.60 243.00 243.60 243.00 243.60 233.00 High/Low 265.00 C63.00
Contraction of the contraction o	R (5 per 10 Close 244,60 245,60 242,60 225,80 Close 266,00 280,50 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00 286,00	rices (US cially 108.05) 108.85). 109.05 108.85). 109.05 108.85). 109.05 244.00 244.00 244.00 244.00 259.00 259.00 259.00 264.00 264.00 267 (3287) per torne) 865, Aug 16	High/Low 245.00 243.60 245.00 243.60 245.00 245.00 245.00 255.00 255.00 255.00 255.00 265.00 265.00 265.00 265.00
COAL COAL COAL COAL COAL COAL COAL COAL	Close 244.60 255.60 Close 266.00 255.60 Close 266.00 255.60 Close 266.00 256.00 257.70 (May 1 Close 257.70	rices (US cially 109.05 (US ci	High/Low 245.00 243.60 244.00 243.60 245.00 243.60 245.00 253.00 253.00 253.00 263.00 263.00 263.00 263.00 1ca of 50 tonnes Cot 1685, Dec 1655 170 Oct 1675
CO is p 2: 2 p 2	R (\$ per to Close 244.60 255.00 Close 266.00 255.00 255.00 255.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00 265.00	rices (US cially 198.05 (US ci	High/Low 245.00 243.60 244.00 243.60 245.00 243.60 245.00 253.00 253.00 253.00 263.00 263.00 263.00 263.00 1ca of 50 tonnes Cot 1685, Dec 1655 170 Oct 1675
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CAN CONTRACT OF THE PROPERTY O	R (S per to Close 244.60 256.00 242.60 235.60 Close 266.00 255.60 266.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00 276.00	rices (US cially 109.05 (US ci	High/Low 245.00 243.60 245.00 243.60 245.00 241.60 235.00 235.00 265.00 265.00 265.00 265.00 100 of 50 tonness 570 Oct 1685, Dec 1665, S70 Oct 1675

Wheat Close

118.30 119.85

	LONDO	META	L EXCH	NGE .	(Prices supplie	d by Amalgan	eted Me	stad Trading
igh/Low		Close		Previous	High/Low	AM Offici	al Kerb do	не Ор	en Interest
3 864	Aluminiu	m, 99.77	baugh (per tonne)			Aing	шпочег	2.500 tomn
19 821 17 802	Cash	2530-		2515-85		2550-70	540.000		** ***
14 607 18 816	3 months			2480-800 per tonne)		2500-20	2480-500		56 lots 12,000 lonn
35 829	Cesh	1496-		1505-11		1505-10	ning a	INTOVER	12,000 10111
75 868	3 months			1456-7	1445/1410	1444-6	1435-6	43,	599 lots
0 tonnes per tonne). Dalily	Copper,	Grada A	(£ per to	nne)			Ring tu	mover 2	24,700 tonn
:10 day average	Cash 3 months	1372- 1340-		1391,5-3.5 1365-6	1378/1372 1367/1346	1377-8 1347-6	1347-8	63,	352 lots
	Copper,	Standard	(E per to	nne)			R	ng tumo	ver 0 tonn
-	Cash 3 months	1315- 1315-		1325-35 1315-25		1315-25 1315-25		31	lots
lgh/Low 221 1011	Silver (U	S cents/	ine ounce	9)			Ring	turnove	r 40,000 oz
35 1025	Cash	645-6		648-52	645	645-6			
)29 1018)05 935	3 months			682-665	650	659-9.1		-	lots
201 999 210 999	Cash	360-1		358-60	360/359	359.5-60.5		Urnover	5,775 tonn
005 1004	3 months	386-7		365-7	368/386	367-8	365-7		113 lots
onnes is per pound) for	Mickel (\$						Ring	tumove	er 486 tonn
09.03); . 15 day	Cash 3 months		-800	13200-50 12800-50	13200/1315 12800/1272		12750-600	6,1	14 lots
	20ne (\$ p						Ring I	Unnover	6,300 tonn
	Cash 3 months	1345- 1325-		1354-8 1327-9	1350/1359 1340/1330	1359-90 1333-6	1335-40	21,	889 lots ·
igh/Low						COMPAN BU	ILLION MARK		
45.00 243.60 44.00	POTATO			- Ulabel a		Gold (fine oz			ulvalent
13.00 241.60 35.00	Nov	Close 65.6	Previous	BE.O		Close	427 12-428	25312	
33.00	Feb	75.5		75.5		Opening	427 4-427 34	2531	-253 %
igh/Law	Apr May	96.2 105.9	99.0 109.5	98.0 96.0 108.0 105.5		Morning fix Atternaon fix	427.00 427.40	253.2 253.4	
55.00				40 tonnes.		Day's high Day's low	426 ¹ 2-429 425 ¹ 4-426 ¹ 4		
53.00	SOYABE		-			Coles	\$ price	6 =01	avalent
		Close	Previous	s High/Low		Mapleleat	440-445	26012	
a of 50 tonnets.		173.50	172.00	173.50		Britannia US Eagle	440-445 440-445	250 ¹ 2 250 ¹ 2	-264
z 1685, Dec 1655,		183.50 188.00	182.00	183.50 188.00		Angel _	438-443	يا 259	-262 12
Oct 1675	Turnover	50 (83)	lots of 20	tonnes.		Krugerrand New Sov.	427-430 100 ¹ 2-101 ¹ 2	253-2 59 ½-4	
	FREIGHT	PUTUR	8 \$10/Inc	lex paint		Old Sov. Noble Plat	1001 ₂ -102 537.15-643.9	50 ½ - 316.7	60½
		Close	Previous	High/Low	.	Silver fix	p/fine oz		g admin
igh/Low		1370	1372	1372 1370		Spot	385.25	648.9	
95.50 124.00 7.25 125.00		1503 1535	1493 1536	1503 1495 1636 1531		3 months	397.10	682.7	5
9.25 128.00		1568	1566	1569 1560		6 months 12 months	408.80 432.25	677.14 7 07.50	
31.25 130.00 90.00 128.75		1394 1278	1395 1271	1394			-		
27.50	Turnover	61 (374))						-
O tonnes									
_ '	TEA								
		WERE 2	2,075 pack	tages on offer	mat .				
gh/Low	this was	ناعيم خاد	on includ	ing 2,400 in the the Tea Broker		LONDON MET	AL EXCHANGE	TRADE	OPTIONS
8.40 108.15	Associa	tion. Net	W 206305	's Assems aga	In 1	Aluminium (99	.7%) Ca	<u> </u>	Puts
0.50 110.20 3.20 112.90				h improved qui arer. The first	· [·	Strike price \$	tonne Sept	Nov S	ept Nov
8.85 115.35	offering:	s of new	268500 B	Bangladesh b	PP 7	2400 2550		208 134	60
8.40 T18.30 9.85				at competitive to a selective		2700		ő	124 67
gh/Low	market :	with brig	ht liquori	ng sorts and	1 7	Altuminium (96	1.6%) Ce	dis	Puts
2.00				sarer but plain Ir and dust gra	des l	2450	\$3	4	
6.50 105.00	proved a	a weak f	esture. Ç	oloury central	1 4	2550 2550	25 3	. 3	6 13
8.35 0.50				illy firm rates. Ith the exception		Copper (Grade			
2.26	piałn Ka	inya tee:	s which w	ure neglected.	. -	2200 2200			Puts
rley 50 (149) .				iominei mediu: Iale lest week)	.] 2	2300	131 30	141 91 8	
•						2400	2	55 7	1 181

RETAILING

The Financial Times proposes to publish a Survey on the above on

19th September 1988

For a full editorial synopsis and advertisement details, please contact:

Mark Jones

on 01-248-8000 ext 3565 or write to him at:

Bracken House, 10 Cannon Street London EC4P 4BY.

FINANCIAL TIMES

THE EXHIBITION INDUSTRY

The Financial Times proposes to publish a Survey on the above on

26 September

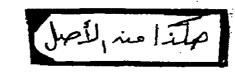
For a full editorial synopsis and advertisement details, please contact:

SARAH PAKENHAM-WALSH

on 01-248-8000 ext 4611 or write to her at:

Bracken House, 10 Cannon Street London EC4P 4BY.

FINANCIAL TIMES



WORLD STOCK MARKETS



								IN	Dic	CES			_			
NEW YO	RK		DQ/	N J	DNES	;					Sept	Sept.	Sept.	Aug	19	68
f	Sep (Sep (Aug	Asg	i	1988	Since	compliation			5	2	1	31	fligh	Low
	2	1	31	30	Hig		High	Low	_	AUSTRALIA All Ordinaries (L/L/S0)	1571.9	1546.2	1541.4	1570.5	1657.0 (9/8)	1170.7 (10/2)
Andrestriats	88.30	BB.03	2031.65 87.99	88.63	2158 577 91.2	61 1879.1 7 (20/1) 5 86.12				All Mining (1/1/80)	7508	743.8	7461	767.3	847.8 (9/8)	532.4 (10/2)
		{	846.62	848,42	908.4) (47) 5 (73)	7 1101.16			Credit, Alrilea (30/12/84)	197.8	197.9	198.1	198 B	199.70 (1.7/8)	163.98 (11/2)
Utilities	180.65	וצמו	178.70	178,64	190.0 229/	12 167.24	227 83	10.50		BELGIUM Brissels SE (1/1/84)	4895.2	ш	4977.20	4879.2	5043 1 (9/3)	3608.35(4/1)
•Oay's High 2064.72 (2027.561	Low 202	22 40 CI	88.440			42440	, , , , , , , , , , , , , , , , , , ,	_	DENMARK Copestages SE CV14839	218,77	218.21	218.75	218.87	227.86 G/83	180.66 (4/1)
STANDARD AND POOF	75 264.48 3	258.35	261. 52	262.51	275.6	6 242.63	336.77	4.40	_	FINLAND Unites General (1975)	707.5	719.7	726.4	725.8	772.1 (8/8)	530.6 (15/1)
indestriels	303.75	296.35	300.05	301.32	318	4 277.86 3 29071	25/8/8 313.17	n crietz n crietz	9 39	FRANCE					,	330.6 (13/1)
Financials	2526	24.52	24.88	25.00	122/1 25.5 048	2071 4 2151 6 8410	125/8/8 32-43 125/8/80	n china	6	CAC General G1/12/82)	3501 131.9	344.8 130.4	348.3 130.9	347.7 131.8	368.5 (8/7) 137.6 (7/7)	251.3 (29/1) 89.7 (29/1)
		46.68	148.29	148,66	155.1 (22)(309.1	5 136.72 1 (20/1)	2 187.99 125/8/83 365.01	7) (25)(4)(4) 29.31	 z	GERMANY FAZ AKIM (31/12/58)	485.61	477.96	478.50	484.31	495 78 (8/7)	396 40 (29/1)
		293.18 372.96	294.80 376.55	294.91 376.49	10/6	20/13 3 262.76 1 02/13 7 331.97	365.01 03/8/8 7 455.28	0027	3	Commerzbank (1/12/53) DAX (30/12/87)	1476.4 1174 87	1453.0 1157.29	1454.5 1152.99	1473.3 1165.36	1510.4 (8/8) 1199.96 (5/7)	1207 9 (29)(1) 931.18 (28)(1)
		1		<u> </u>	(18)	י מצוט	(25/8/87	n (G1/10/7		HONG KONG Hang Seng Bask (\$1,7764)	2508,19	2449 89	2433.32	2443.80	2772.53 (12f7)	2223 5% (8/2)
Dow lodustrial Div.	· Yleki	Atro		Aug 3.7		Aug 5 3.51		(approx.)	-	ITALY Banta Coss, Ital. (1972)	514.33	513.48	520.24	519.65	545.07 (18/3)	423.91 (9/2)
		Aug		Aug		Aug 10	уеаг ад	(approx.)	_	JAPAN**	-				30 1003.	
& P industrial div. S & P P/E ratio	yleid	<u> </u>	57	3.2 13.1	57	3.26 13.65	2	3.20	_	Nifeber (16/5/49)	27341.58 2112.82	27116.50 20%.22	26934 26 2093 20	27365.95 2128 02	28423.38 (5/8) 2253.10 (2/8)	21217,04 (4/1) 1690,44 (4/1)
TRADBIG ACTIVITY			† Aciata	•			IEW YORK	ol Anol	31	METHERLANDS AMP-CBS General (1970)	264.8	261.1	262.5	264.2	284.8 (9/8)	205 7 (4/1)
Sep		ilons p 1	Аи у 31	1	issues Tra	aded]	1906 1,9	921 1 02	77	ANP-CBS Industrial (1970)	223.7	221.2	222.6	224.1	239.3 (9/8)	157.9 (1171)
New York 159 Amex 8 DTC 96	840 I4	4.090 7.25A 6.382	130,49		Faits Unckang Hew High	#	239 1.0	59 10 175 X 187 55 21	96 37	NORWAY Oslo SE (4/1/83)	375.68	374.79	375.54	378.14	423 bi C1/II	327.78 (28/1)
TC 96.	344 10	6.382	16.80 117.13		Hea Los	5		21 :	12	SINGAPORE Straits Times lad. (20/12/66)	1067.04	1049.27	1031.61	1036.59	1177.87 (8/8)	833 60(4/1)
CANADA	l Ses	Se		ا وما	Asy		1988			SOUTH AFRICA JSE Gold (28/9/78)	1239.04	1252.0	1250.0	1241.0	1451 0 (7)71	1154 0 (4/5)
TORONTO	2	17	1	31	30	High		Low	-	JSE Industrial (28/9/78)	1629.04	1628.0	1627.0	1621.0	1758 0 (20/7)	1387,0 (12/2)
Metais & Minerals	2863 3290	7 28	24.5 2	871.5 285.8	2897.6 3274.1	3226.5 G 3465.4 G	77 2	238.7 (8/2) 977.9 (8/2)	_	SPAIN Machie SE (30/12/85)	280.48	278.02	280 50	282.75	301.63 (15/6)	225 50 (4)1)
HONTREAL Portfolio .,	1643.7				1631.94	1723.71 6		05.06 (Z)/J)		SWEDEN Jacobson & P. (31/12/56)	2960.2	2949.3	2952.2	2965.6	3112.90 (5/8)	21-48.5 (4/1)
NEW YO	RK /	\C T	IVE	\$1	OC	KS				SWITZERLAND Swiss Bank led. (31/12/58)	546.7	543.0	544.3	549.9	559 0 (9/8)	466,6 (13/1)
Friday	Stocks traded	Closi	ing Ci iz 4				traded p	esing Char		WORLD M.S. Capital Intl. (1/1/70)	(11)	427.1	422.7	428.7	465.2 (15/6)	401.0 (21/1)
Occidental Pet,	10.008 3,974,8 2,121,9	28 20 46	15 + 15 +	14 B	nerican Ex	Dres	,655,900 ,564,600 1 ,459,900	40% + 1 14 + 3 29% + 1	1	Saturday Subject to official reca	August 2	7: Japar	Nikkei	27678.9	1 and TSE 2159.	58
Can G&E (vol)	1,832,2 1,748,8	00 22 00 18	* +	Tk So	uthers Ucosp	1	,459,400 ,410,800	21 244	<u> </u>	A remiter of surveys term	er÷e et fifil					
250 Yakes of all indice	are 100 e			оппов -	50; Stan	fard and Poor's	.— 10; and To	ronto Compes	dte	Race values of all indices	100	ween P	merale Ci	E and Da	V_1 000 ice c	-W - 355 7 PSF

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. . . in Lyon at the

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Hotel des Artistes, Hotel Pullman, Grand Hotel Concorde Hotel Le Roosevelt, Hotel Cour des Loges, Holiday Inn Crowne Plaza

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Hotel Continental, Le Grand Hotel, Hotel Monopole Métropole, Hotel Novotel Sud, Hotel Les Rohan. Hotel Hilton International

Hotel Pullman, Hotel Mercure, Grand Hotel de l'Opera, Hotel Sofitel Blagnac

. . . in Bordeaux at the

Mapotel Terminus

. . . in Nice at the Hotel Pullman, Holiday Inn, Hotel Ibis Nice Aéroport, Hotel La Malmaison, Hotel Méridien, Hotel Sofitel Splendid, Hotel Beach Regency, Hotel Westminster Concorde

in Monaco at the

Hotel Beach Plaza, Hotel Hermitage, Hotel Mirabeau, Hotel de Paris

. . . in Cannes at the

Hotel Carlton, Hotel Pullman, Hotel de Paris

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FINANCIAL TIMES

expert systems can be used in financial trading.

In Britain, there is the Tau-

rus project organised by Log-ica, the software company, and funded by major City securities houses, institutions and the International Stock Exchange.

This aims to build a workable

expert system to use in trading rooms which will analyse eco-

nomic fundamentals and tech-

Above all, expert systems

nical aspects of price history.

will help traders to track, pro-cess and analyse the extraordi-

nary amount of interlocking information flooding into

financial trading rooms, help-

ing them to cut down the time

needed to take trading deci-

Mr Essinger concludes: "It is

clear that there is considerable

scope for the deployment of expert systems in financial

trading scenarios, and eventu-ally the limits of what can be

done in this area may only be determined by the limits of our imagination."

Computers in Financial Trading. Available from Elsev-ier Advanced Technology Publi-

cations, Mayfield House, 256, Banbury Road, Oxford OX2 7DH, England or Elsevier

Advanced Technology Publica-tions, Journal Information Cen-tre, 52, Vanderbilt Avenue, New

York NY 10017, USA. Price £245

announced strong profits in line with expectations, as well

as a 1-for-5 bonus issue.

Canada was also closed

The era of the robot trader moves closer

With Wall Street shut for Labor Day, Janet Bush reflects on computer advances

complexity of global financial trading tech-nology, the industry is still in its infancy and the next five years will see sweeping devel-

This is the broad conclusion of a wide-ranging consultancy report about the use of computers in the financial industry in New York, London and Tokyo by Mr James Essinger, a spe-cialist in the field.

Developments which the report predicts over the next few years include an explosion kets of stock as well as highly automated strategies such as stock index arbitrage and portfolio insurance strategies.

Mr Essinger's definition of programme trading is strictly the trading of a basket or portfolio of a large group of differ-ent stocks. He prefers to describe trading strategies such as stock index arbitrage and portfolio insurance as

"computer-assisted". These strategies will become even more popular as futures are more widely used in different financial centres. Tokyo in particular has expressed intense interest in both portfolio insurance and stock index

Last Saturday, a stock futures contract was launched on the Tokyo Stock Exchange's Topix index of 1,117 shares and

PROFIT-TAKING set in after a

strong opening in Tokyo yes-

terday and increased gradually

over the session in response

partly to falls in stock index future prices in Tokyo and

Osaka, writes Isao Nakajima of

The Nikkei average closed 146.67 lower at 27,341.58, hav-

ing reached a high of 27,644.49

shortly after the opening. Its

472.9m shares, below the 524m shares traded in Saturday's

half-day session. Advances led declines by 436 to 409, with 165

In London, Japanese shares

fell further, with the ISE/Nik-

kei 50 index down 9.33 at

led to early gains for such issues as paper/pulp stocks,

drugs and non-ferrous metals. But buying petered out in the middle of the morning session

and many issues, particularly large-capital stocks, lost

Uncertainty over foreign

exchange and interest rate moves hit demand, analysts

the yen could drop further against the dollar - raising

the possibility of an interest

rate rise - in response to the July US trade deficit due to be

eleased on September 17.
Analysts said buying was

also discouraged by a price

decline in the Topix stock

index futures, trading in which began on Saturday. With Sat-

urday's festive mood gone, the value of turnover in Topix, the

index of all first section issues,

plunged from Y1.669.4bn to Y358.1bn and the key December contract [ell 26 to 2,124.

One leading brokerage house

said it would take about a weck for an actual futures trading trend to become clear.

Business corporations and

individual investors bought

and sold incentive-backed

stocks in quick succession to

take immediate profits.

NATIONAL AND REGIONAL MARKETS

Figures in parentheses show number of stocks per grouping

France (128) West Germany (100) Hong Kong (46) Ireland (18)

Australia (86) Austria (16) Belgium (63) Canada (126)

Denmark (39 Finland (26).

Italy (100) ... Japan (456) ... Malaysia (36).

Mexico (13).... Netherland (38)... New Zealand (20) Norway (25)..... Singapore (26)....

South Africa (60)

Switzerland (55

United Kingdom (323)

acific Ex. Japan (214) World Ex. US (1878) ...

World Ex. UK (2135).

In Tokyo, specific incentives

issues unchanged.

low for the day was 27,336.56.

up 156.24 from Saturday -

Trading was light, falling to

Tokyo

on the rival Osaka exchange.
It is likely that computer trading strategies will become more sophisticated, partly as investment strategies grow more global and partly because of some obvious limitations of the computers themselves.

The next few years will see an explosion in programme trading of baskets of stock as well as highly automated strategies such as arbitrage and

There are various aspects of current computer trading imitive. One, according to Mr Boris Yavitz of the Graduate School of Business in Columbia University, is that current systems run on very similar software and therefore tend to come to similar decisions very

portfolio insurance

"So in October 1987, once there was a drop in the mar-ket, all the 'alarm bells' within the software of computers used

Nippon Mining topped the active list with 55.9m shares

changing hands, reflecting its

bid to purchase Gould Inc of

the US and a redevelopment

plan involving the former site of its head office in Tokyo. It

rose Y21 to Y721, an all-time high, at one stage, but came under profit-taking pressure later, closing Y28 cheaper at VST The second most active

Y672. The second most active

stock, Mitsubishi Mining and

Cement, rose Y24 to Y789, with

Paper/pulp issues rose on a

wide front on expectations that

the introduction of a consumer

tax planned for next spring

business stationery. Mitsubishi Paper Mills added Y20 to

Y1,070 on the third largest vol-

ume of 30.5m shares. Honshu Paper jumped Y58 to Y740.

which had been active last

week, were lacklustre through-

Only two such issues made the active list. Nippon Steel was the fourth busiest with

18.5m shares, but its price slipped Y17 to Y658, while

Steels and shipbuildings,

would lead to demand for ne

33.5m shares dealt.

in the market rang simulta-neously," Mr Yavitz said. Another shortcoming is that many software systems were designed to identify shares that were rising or falling in excess of a pre-set average such as an index. They were not capable of coping with an

overall fall in the market. In spite of the extensive role computer trading has played in financial markets in the US, the systems themselves are still fairly primitive, based on arithmetical functions which perform complex calculations very quickly.
One of the most interesting

developments in this area is research into so-called expert systems. These computers are designed to be broadly capable of replicating at least some of the perception and judgment of a trader as well as simply carrying out that trader's orders. Work in this area is at an embryonic stage although some expert systems with limited functions are already

installed in trading rooms. Mr Essinger cites the exam ple of Data Logic, the British software company, which has installed an AI – artificial intelligence - programme in a large UK clearing bank, allowing the bank to track its exposure in various markets, monitor movements in a group of markets for their knock-on effects in other markets and

modity and stock movements.

The development of expert systems appears to be further ahead in the US than elsewhere although there is a great deal of corporate secrecy on

Mr Leo Hoarty, vice presi-dent of capital markets at Pai-

So-called 'expert' computer systems are designed to be broadly capable of replicating at least some of the perception and judgment of a trader as well as simply carrying out that trader's orders

neWebber, said he did not know a single trading firm in New York which was not developing an expert system of

Mr Hoarty was speaking at the inaugural meeting of SMART-FS - the Society for the Management of Al Resources and Technology in Banking and Financial Ser-vices – in April.

This group is dedicated to achanging ideas about how

Australia

Interest rate clouds lifted by US employment data

SOME European hourses found cause for celebration yesterday in the strong performance by Wall Street last Friday, but nervousness and thin volumes still abounded, writes Our Markets Staff.

FRANKFURT rose strongly on the back of a firm bond market and the large gains made on Wall Street last week. Following the US employment figures, which showed the hoped-for deceleration in economic growth, investors felt interest rates in West Germany had reached a ceiling for the time being, analysts said. The recent stability of the D-Mark, little changed against the dollar yesterday, encouraged this

The FAZ index was up 7.65, or 1.6 per cent, at 485.61 and the DAX real time index closed 17.58, or 1.5 per cent, higher at 1,174.87. Volume improved on last week but was still fairly low at DM2.1bn worth of West German shares.

One of the strongest per-formers was Deutsche Bank, up DM15.80; or over 3.5 per cent, at DM469.80 in the day's most active trading of DM267m. The activity in the bond market was seen as bene-fiting the bank's trading department by boosting com-missions, the most volatile part

of its earnings. Insurers were stronger on the day, with Allianz up DM33.50 at DM1.518.50. Allianz was in the news with plans to co-operate with Tokio Marine and Fire Insurance in Turkey through the two companies' stakes in Sark Sigorta, the sec-

ond biggest Turkish insurer.

Machinery stocks recovered from recent depression which followed disappointment over July order figures. MAN was up DM3.50 at DM199.50, Mannesmann added 90 pfg to DM169.50 and Linde DM5 to

Retailers, usually beneficia-ries of a weak dollar, were strong. There have been some buy recommendations for the sector, notably Karstadt, which added DM4.70 to DM43L80. Sports goods maker Puma fell DM2.50 to DM325.50. It

denied reports that Dunlop Slazenger had taken a stake in it. The bond market welcomed the new DM4bn 10-year federal bond, which was set with a 6% per cent coupon instead of 6% per cent as some dealers had

London STERLING'S encouraging performance proved a tonic for equities in London and the FT-SE 100 index rose 17.6 to

international stocks put in a good showing after languishing last week, with Glaxo, ICI and Beecham all gaining ground. Glaxo saw its best day for a long while after brokers focused on its underperformance and turnover reached

Total market turnover, at 285m shares, was well below Friday's 445m.

feared following strong gains in bond prices on Friday's news from the US. The yield on the existing 6% per cent federal bond fell to 6.72 per cent. from 6.78 per cent.
PARIS chose largely to

ignore Pernod's news of an agreed hid for Irish Distillers, with most investors staying on the sidelines in the face of international uncertainties. The opening CAC General index was 5.3 higher at 350.1 and the OMF 50 index closed the session up 2 at 347.55. Turnover was estimated to be considerably lower than the FFr890m reached on Friday. Pernod closed FFr3 down at FFr1,063, with about 15,000 shares traded, after launching an agreed bid worth I£285m for Irish Distillers. On Sunday, Britain's GrandMet boosted its

hostile bid to 525 Irish pence a share, higher than Pernod's 450p offer. Retailer Casino posted a 54 per cent rise in interim profits but lost FFr5.70 to FFr148. Most of the group's profits came in the second half and there was no alteration to the

annual earnings forecast, one French analyst said. Société Générale, the bank, eased FFr4 to FFr401 after Fri-

day's rally on news of its convertible and warrants issues. News that the first quarter current account deficit showed a surplus of a seasonally adjusted FFr7.4bn - against a deficit of FFr600m in first quarter 1987 - underlined the good domestic economic fundame tals, but had little impact on

trading, said analysts.
MILAN had a thin day's trading, with domestic inves-

tors keeping an eye firmly on

overseas events, and share prices edged up. The Comit index was 0.85 higher at 51433. After hours trading improved further, seen by one analyst as a technical rebound to earlier short-selling. Mutual funds figures showed

net outflow of L511bn last month, compared with Lt.024hn in July. Redemptions reached L869hn against pur-chases worth L358bn, but the figures were distorted by the holiday period and were of lit-tie significance to the overall trend in the industry, according to the analyst.

AMSTERDAM held fire

because of the holiday on Wall Street, closing only slightly higher as the dollar rose from its opening level. The CBS all share index added 1 to 95.2. Heineken eased Fl 3.70 to Fl 137.50 after Friday's news of stable interim profits, Storage and transport group Pakhoed, which on Friday announced a 1-for-5 rights issue, lost 60 cents to Fl 82.10. Philips, seeking a listing on the Tokyo Stock Exchange, was unchanged at Fl 31.90 after an early climb to Fl 32.20.

ZURICH was boosted by Wall Street's gains last week and a stable dollar, closing higher in moderate trading. The Crédit Suisse index climbed 3.5 to 467.2.

Continued takeover speculation pushed some insurers higher. Winterthur insurance bearers firmed SFr25 to SF15,200 while Swiss Re bearers climbed SFr200 to MADRID rebounded from

last week's losses, helped by the better US performance, and the general index picked up 2.46 to 280.48. Construction and engineering stocks made good gains and market leader Telefonica rose by 3.5 percentage points to 184.5 per cent of nom-inal market value, but volume remained fairly low.
STOCKHOLM ended slightly

1178

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up after a dull session with Friy's enthusiastic response to US employment data dampened by declines in Tokyo. The Affärsvärlden index rose 4.3 to 858.9 and volume picked up

Saab-Scania, motor and aerospace maker, firmed SKr6 to SKr187 after weekend reports that the company was in talks with US and European companies on airplane engine sales.

Nikkei 225 index was started

stock index

strategies

quickly.

predict exchange rate, com-Profit-taking hits Nikkei after strong start

On the Osaka Securities

Exchange, interest focused on

stocks backed by specific incentives, with leading issues seeing little attention. The OSE stock average added 37.37 from Saturday's close to 26,363.42, with turn-over at 44m shares, up 11.5m from Friday's full-day session. Renewed buying pushed up Osaka Soda Y110 to Y1,980. Kinki Electrical Construction climbed Y90 to Y2,540, but Ono

The OSE's stock index

Roundup

share prices ended mostly

Kawasaki Steel, ninth with 11.7m shares, dropped Y11 to Bond prices started lower as the sharp gains of late last week prompted profit-taking. Prices fluctuated amid general weakness, with investors stay-ing mostly on the sidelines The Straits Times industrial index ended 17.77 higher at because of the small moves in

foreign exchange rates and domestic short-term interest rates. Trading was done largely by dealers.
The yield on the benchmark 5.0 per cent government bond, due in December 1997, rose slightly from Saturday's 5.255

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

3.91 0.76 1.74 3.66 3.23 4.15 1.81 2.21 2.42 3.77

86.73 130.12 107.26 72.53 107.93 108.08

93.11

83.98 106.23 114.64 112.80 112.51

112.34

139.33 86.16 111.44 117.03 120.62 116.67 89.13 73.53 99.26 127.17 70.31 152.47 133.54

153.54 152.09 99.71 70.70 110.10 118.57 110.00 139.10 111.81 74.13 120.66 105.69

98.99 149.80 129.49 106.29 85.44 117.65 128.89 119.79

2.44 119.85

evidence. The most active stocks were

SOUTH AFRICA

although a further sharp weakening in the financial

and Driefontein was down 50

cents to R36.60.

Pharmaceutical turned down. losing Y180 to Y5,870.

futures trading based on the Nikkei average, which was active at its debut on Saturday, saw selling yesterday as insti-tutional investors stayed away. The December contract opened 30 lower at 27,820 and finished down 210 at 27,640.

DEMAND was spurred in Asia Pacific markets by recent gains in leading stock markets, and

higher. SINGAPORE made a buoyant start in response to the ruling party's election victory at the weekend and to Wall Street's gains on Friday. But the advance was trimmed by the late fall in Tokyo and a spate of local profit-taking.

the first hour of trading.

Turnover reached 45m shares compared with 35m on Friday, with both institutions and foreign investors back in

again in the speculative and

per cent to 5.295 per cent.

THE holiday on Wall Street dampened gold shares in Johannesburg. They closed slightly lower in thin trading, rand provided some support Vaal Reefs fell R3 to R247

FRIDAY SEPTEMBER 2 1988

123.01 76.18 98.16

103.85 106.04 103.08

88.04 132.50 114.73 95.63 75.61 104.16 114.19 106.66 106.82 93.32

cents at R31.75, while Kloof dropped 25 cents to R31.25. In diamonds De Beers slipped 15

Mining financial group Gold Fields shed R1.25 to R49.50, but platinums saw Rustenburup 50 cents at R34.75.

THURSDAY SEPTEMBER 1 1988

123.43 76.33 98.72 103.68 106.36 78.97 65.15 87.94 112.67 62.29 135.08 118.31 134.74 88.33 62.63 97.54 105.05 97.45 123.23 99.05 65.67 106.89 97.86

94.16 75.69 104.23 114.19 106.12 106.23 92.35

All ordinaries index NEW ZEALAND also took its cue from Wall Street and the Barclays index climbed 21.65 to 2,019.04, aided in part by a relatively calm annual conference of the ruling Labor Party.

TAIWAN rose sharply and
the weighted index closed



lower-priced arena, but blue it-taking after gains in Satur-day's session and the composchips managed reasonable

HONG KONG was cheered by earlier gains on leading stock markets, with Tokyo's late fall dampening afternoon sentiment only slightly and

sharply higher.

The Hang Seng index rose
58.21, or 2.4 per cent, to 2,508.19
and turnover rose to HK\$688m worth of shares from HK\$427m on Friday.
Property issue Cheung Kong

saw the most activity, rising 30 cents to HK\$7.40.

Hwa Kay Thai, which traded for the first time, rose 30 cents from its HK\$1.80 offer price to finish at HK\$2.10.

AUSTRALIA rebounded from last week's sharp losses, helped by strength in overseas markets on Friday and Satur-day and by an early surge in Tokyo yesterday. Industrials performed best but trading vol-ume was fairly low, with insti-tutions sidelined before the Labor Day holiday on Wall

The All Ordinaries index gained 25.7 to 1,571.9 and the All Industrials index climbed All Industrials index climbed 44.2 to 2,563.7 – its largest rise since May 31, when it improved by 46.2 points. Turnover was only 77m shares worth A\$150m.

Transport stocks were strong, with TNT up 20 cents at A\$4.65 and Mayne Nickless adding 16 cents to A\$6.50 TNT.

adding 16 cents to A\$6.96. TNT

DOLLAR INDEX

91.16 83.72 99.14 107.06 111.42 106.78 72.77 67.78 84.90 104.50 62.99 133.61 107.83 90.07 95.23 64.42 98.55 97.99 108.73 130.73 36.92 74.13 120.66 99.19

97.01 130.81 120.36 99.78 80.27 87.51

117.22 102.19 146.85 145.78 171.36 372.78 126.095 176.95 166.94 186.12 151.07 110.00

156.84 141.76 135.25 136.62 130.80

1988 High

180.07 110.66 84.05 132.23 135.89 139.07 164.47 125.50 86.75 141.18 112,47

110.82 172.26 147.53 113.29 92.99 128.27 146.49 131.77 132.39 112.43

86.65 131.15 107.26 72.68

92.84 129.53 114.90 105.66 84.21 105.40 114.40 111.82 111.51 101.16

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ite index fell 7.08 to 671.55.

SEOUL lost ground on prof-

at 767.11.

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+1.0 +0.4 +0.6 +2.2 +0.5 +0.5 +0.6 +1.1 +1.2 +1.7

139.68 86.51 111.46 117.93 120.41 117.05 90.26 74.07 100.14 127.07 69.84 153.13 135.94 152.09 110.53 70.75 110.85 120.31 108.73 138.73 138.73 138.73 138.73 138.73 138.73 138.73 138.73 138.73 138.73 138.73 138.73 138.73 138.73 138.73 138.73 138.73 138.73

99.97 150.46 130.28 108.59 85.86 118.27 129.66 121.11 121.30

